

High noon for
two hard men

Daniel Yergin, author of a new book on the politics of oil, argues that George Bush is tougher than Saddam Hussein wants to think

Page 1



Living well on less

How to enjoy the recession: cheaper skiing, fizz for under a tenner, pruning costs in the garden and bargain restaurants.

Savings for savers

Sara Webb looks at ways to pay less to save more

Page IV

Dodging the draft

Michael Thompson-Noel, a coward, fields a midnight phone call from the major

Cut-price chic

Lucia van der Post scours the racks for designer label cachet which costs a little less

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EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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WORLD NEWS

Soviet pledge
to Baltic over
military fears

No army reinforcements will be sent to the troubled Baltic republics, a senior Soviet military chief pledged yesterday. The promise from Gen Mikhail Moiseyev, chief of the Soviet general staff, was aimed at allaying fears that some form of martial law could be imposed on the region to stop the republics' campaigns for independence.

Tension in the region rose this week after Interior Ministry troops were used to take control of a Communist Party printing plant in Latvia. Crusade for unity, Page 6

Somali peace move
Somali president Mohamed Siad Barre, resisting rebel attempts to oust him, offered to hold peace talks with opposition groups and accept the outcome of negotiations. Earlier, armed men burst into Red Cross offices in Mogadishu, disrupting plans to evacuate foreigners from the battle-torn capital. Page 2

UK braced for storms
Britain was braced for 24 hours of heavy rain and high winds. The storms were due to sweep eastward in a band from southern Scotland to North Wales and Lincolnshire. Weather, Page 22

Wales's man approved
Poland's parliament voted overwhelmingly to accept Jan Krzysztof Bielecki as prime minister. The 39-year-old economist was President Lech Walesa's nominee. Page 4

Hostages 'a priority'
Lebanese premier Omar Karami said freeing the 12 western hostages in the country was a priority for his government. Miners turn back

Thousands of striking Turkish miners marching on Ankara to demand higher pay halted when prime minister Yildirim Akbulut said he wanted to resume wage talks. Earlier report, Page 4

N-accident precaution
Austria is to distribute free tablets nationwide to prevent thyroid cancer in the event of a nuclear accident. Vienna denied the move was linked with safety fears about a Czechoslovakian atomic plant.

Rushdie phone-in
A planned radio phone-in with Salman Rushdie, author of *The Satanic Verses*, is to go ahead despite warnings from a Muslim youth group that it would inflame feelings. Bradford City Radio in West Yorkshire and Sunrise Radio in London will broadcast the programme tomorrow morning.

Animal feed criticised
Farmers fed to be banned from feeding their livestock protein from animal remains, said Professor Richard Lacey, one of the government's most outspoken food safety critics.

Kaifu to visit China
Japanese prime minister Toshiki Kaifu will visit China tomorrow, signalling the full restoration of relations between the countries. Page 2

No to western values
Singapore outlined five "shared values" aimed at boosting national identity and combating western influence. The government denied trying to foster Chinese Confucian values on a multi-racial society.

BUSINESS SUMMARY

UK softens
line on EMF
for hard Ecu

Britain may drop its proposal for a new institution to manage its hard Ecu, if it gets support from the rest of Europe on the scheme to introduce the currency over the next few years.

The possibility that Britain may abandon its insistence on a European Monetary Fund (EMF) to manage the hard Ecu comes as the UK Treasury prepares to issue on Tuesday new proposals on the hard Ecu which will provide a legal framework for creating the currency. Page 22

NISSAN UK is to start legal proceedings against Nissan Motor, Japan's second largest car maker, which announced last week that it had given NUK notice to terminate its concession as the sole importer and distributor of Nissan vehicles in the UK with effect from the end of 1991. Page 22

LONDON EQUITIES rallied on news of next week's proposed talks between the US and Iraq's foreign minister. The FT-SE 100 index closed up 8.3 at 2,126.1. Since the end of the previous week, the Footsie has fallen by 41.5 points.

FT-SE 100 Index
Hourly movements
2160
2150
2140
2130
2120
2110
2100
Dec 31 Jan 1991 4

or nearly 2 per cent from 2,180.4, with investors increasingly wary ahead of the expiry of the UN deadline for Iraq to withdraw from Kuwait. Page 13; Lex, Page 22; Reeling into the New Year, Weekend FT, Page 11

STORMSEAL, third largest UK double-glazing group, has gone into receivership. Page 22; Jobs to go, Page 5

M & G Group, largest UK unit trust fund manager, has urged companies in which it has a significant investment to maintain their dividends wherever possible. Page 22

DAF, Dutch commercial vehicle maker, announced an annual net loss of Ft150m (\$46.2m) in the face of steep recession in the UK truck market. Page 10

US unemployment rose to 6.1 per cent in December, the highest level for three years. New orders for manufactured goods fell 5.9 per cent in November, the largest ever monthly decrease. Page 8

AT & T, a construction accident cut the US telephone company's fiber-optic communications cable in New Jersey, forcing the Comex and Nymex exchanges to halt trading and disrupting long-distance telephone services.

POWERGEN, UK electricity generator due to be privatised next month, is pressing the industry's regulator for permission to compete for more industrial customers presently supplied by seven of the regional electricity companies.

EXPORT CREDITS Guarantee Department: Plans to privatise part of the UK department suffered a setback because of dwindling interest from clearing banks once seen as possible buyers. Page 5

MARKETS

STERLING

New York lunchtime: \$1.338
London: \$1.3385 (1.9465)
DM12.9125 (2.905)
FF9.88 (9.875)
SF2.465 (2.465)
Y261.25 (259.0)
£ Index 94.2 (94.1)

GOLD

New York Comex Feb 387.2 (386.9)
London: 387.5 (386.25)
N SEA OIL (Argus)

BRENT FEB

23.875 (24.9)

Chief price changes

yesterday: Page 22

DOLLAR

New York lunchtime: DM1.5025
FF1.1015
SF1.273
Y124.55

LONDON

DM1.506 (1.4925)
FF1.1015 (1.097)
SF1.2735 (1.2665)
Y125.1 (125.0)

£ Index

94.2 (94.1)

US LUNCHTIME

Fed Funds 6 1/4 %

3-mo Treasury Bill

yield: 5.89 %

Long Bond

yield: 8.16 %

STOCK INDICES

FT-SE 100:
2,126.1 (+8.3)
FT Ordinary:
1,689.5 (+11.0)
FT-A All-Share:
1,023.21 (+0.3%)

New York lunchtime

DJ Ind. Av.
2,582.43 (+8.92)
S&P Comp
322.12 (+0.21)

Tokyo: Nikkei

24,068.18 (+220.47)

LONDON MONEY

3-month interbank close:

13 3/4 % (14-13 1/4)

Life long gilt future:

Mar 90 3/4 (90 3/4)

Baker and Aziz in first high level meeting since crisis started

US and Iraq will
hold 'last chance'
talks in Geneva

By Peter Riddell, US Editor in Washington and David Buchan in Brussels

THE US and Iraq will hold talks in Geneva next Wednesday in what could be the last chance to avert a Gulf war before the UN deadline for Iraqi forces to withdraw from Kuwait on January 15.

The meeting between Mr James Baker, the US Secretary of State, and Mr Tariq Aziz, the Iraqi foreign minister, will be their first high level meeting since the Gulf crisis started five months ago.

Iraq's acceptance of talks with Washington was immediately welcomed by European foreign ministers meeting in Luxembourg, who invited Mr Aziz for talks on January 10, the day after the US-Iraqi meeting.

The EC ministers hinted strongly that an Iraqi withdrawal would be followed by intensified efforts to find a solution to the Palestinian question.

The Geneva talks are being presented in Washington as a last minute attempt to achieve a peaceful solution. They give Mr Bush a chance to regain the diplomatic initiative from the Europeans and to assure the American public that he is seeking all means of avoiding war.

THE GULF CRISIS

PAGE 2

- Iraq tells diplomats to prepare to leave Baghdad
- Western fears of terrorism sharpened
- UK minister rejects oil catastrophe theory
- Anti-Iraqi Arab front plans no initiatives
- Pressure for airline exclusion zone
- Bush to meet UN chief but officials still cautious
- Israel dismisses latest criticism from UN

Mr Bush plans to make a radio address to the American people about the Gulf on Saturday, when he will also meet Mr Javier Perez de Cuellar, the UN secretary general, to discuss the crisis.

Mr Aziz announced on Iraqi television yesterday that he would accept the US offer of talks "out of respect for world opinion" but stressed that Iraq was not bowing to US pressure.

Mr Aziz said that he would use the talks to stress Iraq's commitment to finding a solution to the Palestinian question.

AN Iraqi diplomat expelled from Britain suggested yesterday that western countries would be targets for terrorism if the multi-national forces in the Gulf attacked Iraq.

In a defiant statement at Heathrow airport, Mr Naeef Hassan, who was the Iraqi press counsellor in London, said: "I am sure that if there is any attack on Iraq, a lot of targets in countries in the west

will be demolished."

Mr Hassan, one of 75 Iraqis ordered out of Britain this week, said that he had abided by the law but that Arabs and Moslems living in the west were bound to respond to a war against Iraq.

"What kind of targets, I don't know," he said. "But we do believe that Arabs here and in all western countries will launch something against so

many targets if a war is launched against Iraq."

The British government, when it announced the expulsions on Thursday, said the Iraqis had to leave because of "public threats" - a reference to threats of terrorism by Iraq and by Baghdad-based Palestinian extremists.

A Foreign Office spokesman, asked about Mr Hassan's comments, said that they gave



Iraqi diplomat Salih Faraj Mohammed leaves Heathrow with his daughter after being expelled from London

Clarke
makes
GCSE
changes

By Norma Cohen, Education Correspondent

SWEEPING changes to the national curriculum for 14- to 16-year-olds were announced yesterday by Mr Kenneth Clarke, education secretary.

In his first major policy address since his appointment in November, Mr Clarke said that requiring pupils to study all 10 subjects required by the Education Reform Act of 1988 was too restrictive.

The changes announced, affecting so-called key stage 4 of the curriculum, go further than the proposals earlier considered by Mr Clarke's predecessor, Mr John MacGregor.

Students will now be required to study only six subjects at age 14 although all 10 will still be taught to children aged five to 13.

Speaking at the North of England Conference in Leeds, Mr Clarke said: "I have inclined towards more flexibility and choice for these older pupils, their parents and teachers."

He said that among his chief aims in ordering a more flexible curriculum was a desire to leave more room for vocational study. Under his proposals, students will be required to take only mathematics, science and English to GCSE examination level.

Modern languages and technology will still be required of all students but may be taken in an abbreviated form leading to a secondary level exam. Students may combine the study of these subjects with another, such as French and business studies or technology with art.

Students will be required either to study history or geography to O-level, but not both, or they may take a short course in each of the two subjects. Art and music will become optional subjects while the requirement for physical education study will be interpreted "flexibly".

Education groups across the political spectrum have been clamouring for a more flexible curriculum.

Sheep and goats, Page 5

Expelled diplomat says western countries face terrorism threat

By Victor Mallet, Middle East Correspondent

AN Iraqi diplomat expelled from Britain suggested yesterday that western countries would be targets for terrorism if the multi-national forces in the Gulf attacked Iraq.

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A Foreign Office spokesman, asked about Mr Hassan's comments, said that they gave

"additional justification" to the British decision.

The al-Thawra newspaper, official mouthpiece of the ruling Baath party in Iraq, said last week that western interests around the world would be targets for Iraqi retaliation if Iraq was attacked.

Abu Abbas, the Baghdad-based leader of the Palestine Liberation Front, has urged his supporters to attack

Americans and their Arab allies.

Mr Anthony Beaumont-Dark, a Conservative MP, called yesterday for all Iraqis in Iraq who are not political refugees to be repatriated. "We will have enough problems if Iraq breaks out without the police having to watch 5,000 Iraqis," he said.

Western fears, Page 2

Savers rush for Tessa accounts
at banks and building societies

By David Lascelles, Banking Editor

SAVERS HAVE been rushing to open Tessa accounts - the government's new tax-free savings accounts - by early February. About half the business is coming from non-customers.

Today is likely to be busy for banks and building societies, but all institutions are expecting another flood of inquiries next week as savers digest information over the weekend.

Tessa, introduced in last year's budget, allow savers to collect tax-free interest on savings which are left for five years. Accounts can be transferred from one bank to another to get the best rates. Early withdrawal of the capital disqualifies the account, though savers can withdraw net interest.

The savings rates offered vary between 13 per cent and more than 15 per cent. Many banks and building societies are offering bonuses to savers who sign up quickly, or keep their Tessa with them for the full five years.

NatWest said it was receiving many calls from non-cus-

tomers, which suggested that people were shopping around for the best deal.

Mr Michael Chadwick, of financial advisers Chase de Vere, said soundings by his firm suggested there would be enormous interest in Tessa.

He said Tessa was less likely to generate new savings - as the government hoped - than to lead savers to transfer existing savings.

Not all banks and building societies have got round to offering Tessa. The Trustee Savings Bank will not be offering them until January 28.

The initial response of savers suggests that they are going for Tessa offering the higher rates of interest. However, advisers are cautioning people to look carefully at the terms because rates of interest are not guaranteed, and good bonuses may provide the better deal in the long run.

There may also be advantages in opening Tessa where there is no penalty for transferring to another institution to obtain a better rate.

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INTERNATIONAL NEWS

White House takes some comfort from economic figures

By Michael Prowse in Washington

THE US unemployment rate rose to 6.1 per cent in December, the highest level for three years. Separate figures showed that new orders for manufactured goods plunged 5.9 per cent in November, the largest ever monthly decrease.

Mr Martin Fitzwater, the White House spokesman, said the latest rise in unemployment was "troubling" and reiterated the administration's wish for a drop in interest rates.

The figures confirm that the US economy is in the throes of recession but were not without some comfort for the White House, which still maintains the downturn will be mild and short-lived. The jobs data, which provide one of the first comprehensive indications of economic conditions in December, were relatively encouraging.

After seasonal adjustment, non-farm employment fell by 76,000, pushing the unemployment rate from 5.9 per cent to 6.1 per cent.

But the fall in employment was modest compared with analysts' expectations of a decline of about 150,000 jobs. It also marked a sharp slowing in the rate of job losses from October and November, when non-farm employment fell by 180,000 and 259,000 respectively.

Bond prices fell sharply on Wall Street following the employment report on expectations that evidence of a slower rate of economic contraction in December would make the Federal Reserve, the US central bank, less likely to sanction further quick cuts in interest rates.

The report on manufacturers' orders confirmed previous signs that November was a month of corporate retrenchment. Total new orders fell by \$14.7bn (£7.6bn) to \$235.4bn, but most of the weakness was concentrated in the durable goods sector where orders plunged by 10.7 per cent to \$115.7bn. The largest decrease was in transport equipment, which fell 27.6 per cent.

CONGRESSIONAL leaders have started producing their own plans for overhauling the strained US bank deposit insurance system and for streamlining regulation ahead of the Bush administration's own comprehensive package due towards the end of the month.

The Congressional proposals, produced by senior Democrats and Republicans on the Senate and House banking committees, indicate the scope both of possible agreement on changes and of likely disagreements.

Both the administration and congressional leaders agree on maintaining the basic Federal deposit insurance of up to \$100,000 (£51,813) and on limiting coverage beyond that amount. But congressional leaders are reluctant to go as far as the administration in changes to the overall regulatory framework.

The White House plan will seek to end current controls which prevent the creation of diversified bank holding companies with a nationwide branch network and under the same corporate umbrella as securities and investment houses. Any changes will be linked to a strengthening of banks' capital requirements to avoid a repetition of the savings and loan collapse and will also impose clear limits between banking and non-banking activities so that insured deposits are not used to finance securities operations.

Such changes have been blocked in past years through the opposition of small banks and insurance and property

New York City's projected budget deficit for the fiscal year beginning next July could be more than \$2bn (£1bn), or some \$600m higher than the level forecast three months ago by Mr David Dinkins, the embattled mayor, Alan Friedman writes from New York.

The disclosure was accompanied yesterday by an admission by Mr Philip Michael, the city's budget director, that the budget woes can now be characterised as a genuine crisis. The new estimate of the shortfall between expected revenues and spending means it could be necessary to sack several thousand municipal workers.

New orders for non-durable goods were down only 0.8 per cent to \$119.7bn. Dr Janet Norwood, the commissioner for labour statistics, said that the jobs market continued to deteriorate in December and that employment weakness was "broad-based, affecting most sectors of the economy".

The construction industry has been particularly hard hit. 30,000 jobs were lost last month, taking losses since the spring to about 300,000 or 5 per cent of the total.

The unemployment rate among construction workers is 14 per cent, compared with 9.6 per cent a year ago. Manufacturing industry escaped fairly lightly in December, losing only 35,000 jobs, compared with 200,000 in November and a combined 180,000 in the previous three months. Total employment in manufacturing in December was 18.7m.

Employment fell only slightly in the service sector, mainly because of the continued strength of the health care industry which created 55,000 new jobs last month.

Employment in the health care sector has risen by nearly 600,000 or nearly 8 per cent in the past year.

interests fearful of a competitive challenge from national banks and financial service groups.

The Democratic chairmen of both the Senate and the House banking committees have both indicated their priority is reforming deposit insurance, rather than more far-reaching changes in banking structure.

Two congressmen, Mr Henry Gonzalez, chairman of the House banking committee, and Mr Chalmers Wylie, its senior Republican, have separately produced plans continuing insurance coverage up to \$100,000, though limiting the number of accounts that could be protected. The administration's plan is similarly expected to bar large institutions from breaking down their funds into accounts of less than \$100,000.

Mr Gonzalez has said deposit insurance "should be operated solely for its real purpose, the protection of ordinary depositors - not a guarantor, as it is today of 99.5 per cent of all deposits". He has also proposed that deposit premiums should be imposed on deposits in US banks' foreign branches, which are currently exempt.

Both the Gonzalez and Wylie proposals would consolidate the supervisory functions of the present five regulatory agencies responsible for banks.

The administration plan would consolidate regulatory authority over most banks under the Treasury's comptroller of the currency, with the Federal Reserve retaining its oversight of the largest banks with international interests.

El Salvador peace talks set to resume in Mexico City

By Tim Coone in Managua

PEACE talks aimed at ending El Salvador's 11-year civil war are expected to be renewed in Mexico this weekend, after weeks of "intense negotiations", according to diplomats based in Mexico City.

The talks will take place between representatives of President Alfredo Cristiani's right-wing government and the left-wing Farabundo Marti (FMLN) guerrillas.

The latest series of peace talks broke down last September over the thorny issue of army reform. The army and the government insisted on an end to the war and the guerrillas' demobilisation before embarking on any reforms, while the FMLN argued that such a proposal offered their troops no guarantee of safety.

In November, the FMLN then began a new "mini-offen-

sive" and for the first time used Soviet-built surface-to-air missiles (SAMs) against jets and helicopters of the air force.

One of the missiles that shot down an A-37 jet, was then traced to a lot of SAMs supplied to Nicaragua by the Soviet Union in 1986. This has created a scandal in Nicaragua, resulting in the arrest this week of four army officers.

For many years the El Salvadoran and US governments have pinpointed Nicaragua as the source of many of the FMLN's weapons, but have until now been unable to present convincing proof. Soviet co-operation in tracing the serial number of one of the SAMs used by the FMLN was apparently crucial in identifying the trail which led to one of the arrested men, ex-Major Odell Ortega.

Rio seeks to redeem reputation in world commerce

Brazil's crime-ridden resort has ambitions to become a significant trade centre, Christina Lamb writes



The restoration of Christ the Redeemer inspired local business to pursue economic salvation

cially Rio retains awe-inspiring beauty. But within its streets the decay is alarming. While most people when they think of Brazil still think of Rio, today it is a different kind of symbol - that of Brazil's huge disparity between rich and poor, encapsulated by Rio's favelas, or shanty towns, clinging to its hillsides, in which a third of the city's 6m population live.

Recently named the fourth most dangerous city in the world by the Population Crisis Committee in Washington, with 36.6 murders per thousand inhabitants, one in three Rio residents has been the victim of crime. Half a million children scrape a living on its streets and dead children on the roadside are so common that one soon drives past the small bundles unthinkingly.

The Riomania movement conceived in January by Mr Paulo Protasio, head of the Chamber of Commerce, aims to transform this image. Backed by both foreign and local companies, he wants to turn the seaside resort into an interna-

tional trade and financial centre as well as a convention location and freeport. His five-year plan encompasses everything from ambitious schemes for economic development and overhaul of flagging energy and communications facilities to a training fund to help ease the problem of streetchildren.

It is a hard task. When the police chief comes on TV to warn people not to stop at red traffic lights because of the gangs of thieves operating, it is not a great boon for a city trying to attract investment and

tourism. When the military police issues leaflets warning residents never to shop alone and to answer the door only to people who knock in code, the majority of companies would think twice about locating there.

Almost all foreign and national banks and multinationals have already moved headquarters from Rio to São Paulo, Brazil's biggest city. Rio stock exchange which 10 years ago represented 65 per cent of Brazil's volume of trading now has only 28 per cent and faces closure. The number of tourists dropped from 762,000 in 1988 to 489,000 last year.

Mr Protasio's immediate target for the clean-up of Brazil's second city is the UN world environment conference Rio will host in 1992 to which many heads of state are expected. The conference which he describes as "the carrot for the horse" should be a big boost for the authorities but in the present climate of weekly kidnappings, almost daily executions and hourly muggings, is regarded unofficially as "a complete nightmare".

Rio's decline can be traced back to 1960 when the capital was shifted to the specially built city of Brasília. Since then its economic deterioration has been spectacular. Between 1970 and 1988 when the growth of per capita income was 152

per cent nationally, in Rio it was less than 71 per cent. Rio now contributes only 12.91 per cent of GDP compared to São Paulo's 51 per cent. Only 20 years ago Rio's contribution was 17.9 per cent, while São Paulo's was 38.8 per cent.

Rio businessmen say this is not unconnected to the fact that for most of the last 25 years the state governor has been in opposition to the federal government.

Mr Sergio Quintella heads AD Rio, a development agency set up by 40 private and five state companies to attract investment.

He believes Rio has been deliberately maltreated. "Over the last 25 years fiscal incentives were used by successive governments to attract people into regions and sectors which systematically discriminated against Rio."

But not everyone has lost hope. Mr Roberto Medina, himself a kidnaper victim in June, is the founder of Rock in Rio, the world's largest rock concert.

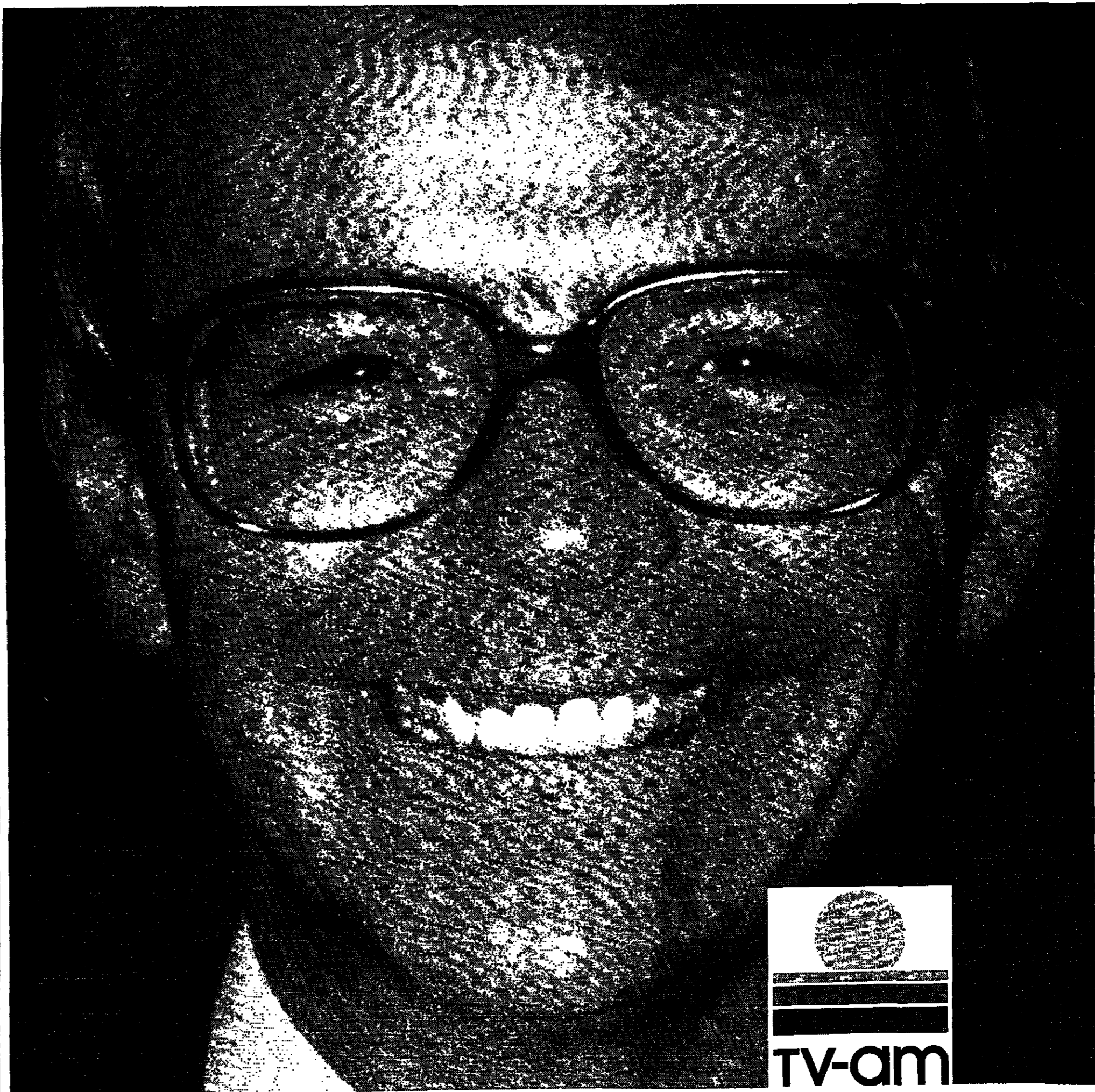
He claims to have no qualms about holding Rock in Rio II this month: "The first Rock in Rio attracted 1.3m people without a single casualty. This time will be even bigger... the ultimate demonstration of faith."

Mr Protasio is also optimistic: "The values of Rio may have declined but a second Rio can never be created."

TV-PM. David Frost talks to Prime Minister John Major

in his first full length TV interview since entering No. 10.

THE JOHN MAJOR INTERVIEW. FROST ON SUNDAY. FROM 7.30 AM.



Wake up to the facts.

INTERNATIONAL NEWS

Brussels sets schedule for farm reform plans

By David Gardner in Brussels

THE European Commission yesterday set a schedule for what it insists will be far-reaching reforms to the EC's farm subsidies regime, but is still keeping secret details of what could prove a highly contentious package.

Ranking Commission officials made clear that the reforms would reach back to the mid-1980s and proposals for evolutionary change which never quite evolved, rather than embody the "revolutionary" transformation announced last month by Mr. Jacques Delors, the Agriculture Commissioner.

The Commission is due to continue what its spokesman yesterday described as its "first reflections" on reform of the common agricultural policy (CAP) on January 9. But it has set January 19 as the date for a "seminar" to finalise the concrete proposals it will present to EC member states.

This is four days after Mr. Arthur Dunkel, director-gen-

eral of the General Agreement on Tariffs and Trade (GATT), is due to produce his interim report on the prospects for restarting the stalled Uruguay Round negotiations to liberalise world trade.

These broke down last month because the US and the Cairns Group of 14 farm produce exporters led by Australia rejected EC offers to cut internal farm subsidies as an inadequate response to their demands for heavy cuts on export subsidies and import levies.

One Commissioner said yesterday there was "no question" of taking the proposals to Mr. Dunkel first, insisting these were "internal reforms" which would be compelled to adopt with or without GATT.

The Commission appeared divided yesterday on Mr. MacSharry's exposition of the options for CAP reform. And this is before concrete measures are laid before EC farm ministers, who last year

required eight European council meetings to agree on the Commission's proposal for a 30 per cent reduction in internal farm supports - over 10 years backdated to 1988 - which was roundly rejected at the Uruguay Round summit.

The Commission is examining the possibility of:

- "Reorienting internal supports". This would entail some switch from production subsidies through price fixing to direct income support for smaller farmers;
- Measures to control supply, back in expensive surplus on beef, dairy produce and wheat;
- More aggressive set-aside policies to take cereal land out of production;
- Much more funding for "structural" measures to ease through changes - currently 96 per cent of EC farm spending is on market support;
- Measures to safeguard the countryside and promote non-food use of agricultural produce.

Blum offers deal in prescription drugs row

By Katharine Campbell in Frankfurt

GERMANY's social services minister, Mr. Norbert Blum, has offered to scrap his plan for sharply lower drug prescription charges in east Germany if the pharmaceutical industry pays a hefty contribution to help prop up the faltering health insurance schemes in the east.

He made the offer after a long meeting with drug industry leaders, many of whom have been refusing to deliver goods to east Germany since the beginning of the year in protest at a new law enforcing a 56 per cent discount on drugs prescribed in east Germany.

The boycott, coupled with panic buying in advance of the measure, has led to complaints of serious shortages.

The industry, which had offered a one-off payment of DM900m (£313m), is now being asked to contribute DM500m for the year from April 1, DM1bn for 12 months from April 1993, and a further DM700m until the end of 1993.

If the insurance companies and the state accept these figures, the industry will split the additional costs equally with the state.

Mr. Theo Waigel, the finance minister, added a further commitment of DM600m from the central government coffers by effectively writing off a start-up loan for working capital made to the eastern social services system last year.

EC may lend Prague up to Ecu375m

THE European Commission yesterday proposed that the EC loan Czechoslovakia some E280m to bolster the country's transformation to a free market economy. Reuter reports from Brussels.

If approved by the 12 EC governments, the loan would form part of a \$1bn package involving other developed countries and some wealthy Arab states in the Gulf.

A Commission spokesman said the loan would be for a maximum of Ecu375m (£287m). It would be for a maximum of seven years and paid in two instalments. The first tranche would be paid once Czechoslovakia reached agreement with the International Monetary Fund on a stand-by accord.

The loan is designed to support Czechoslovakia's balance of payments now that oil prices have risen and Soviet energy supplies have to be paid for in hard currency. It would also be used to help make the koruna a fully convertible currency.

In a separate statement, the Commission gave details of the first instalment of Ecu4m of emergency aid for the Soviet Union, Bulgaria and Romania approved at the end of December.

The aid, mainly food, medicines and other essential goods, is being distributed through 13 Red Cross and other non-governmental organisations to children, elderly people and other vulnerable groups in the three countries.

Hungary will devalue forint

HUNGARY will devalue the forint by 15 per cent against convertible currencies from January 7, AP reports from Budapest. Before the devaluation, one dollar was worth 60.90 forints.

Hungary's inflation, which was about 34 per cent in 1990, is expected to reach up to 40 per cent this year, according to an official communiqué. The devaluation is intended to contain inflation and make Hungarian goods more competitive.

More seek asylum in Germany

By David Marsh in Bonn

THE NUMBER of foreigners applying for political asylum in Germany last year rose 59 per cent to a record 193,000, adding powerfully to pressures on housing and social security caused by inflows of ethnic Germans from eastern Europe.

Romania, with 35,345 applicants, headed the list of countries whose citizens sought asylum in Germany last year. This compared with just over 3,000 Romanian refugees in 1989. Other significant flows came from Yugoslavia, Turkey, Poland, Lebanon, Vietnam, and Afghanistan.

The asylum figures were published a day after statistics showing a record influx of 397,000 Aussiedler or ethnic German emigrés into Germany from eastern Europe in 1990, compared with 377,000 in 1989.

The percentage rise in the Aussiedler volume was much smaller, however, than that for the asylum-seekers, of whom there were just over 121,000 in 1989.

Mr. Wolfgang Schäuble, the interior minister, called yesterday for a co-ordinated European policy to deal with the increasing number of asylum-seekers from eastern Europe and the Third World. He pointed out that Germany was the destination of roughly half of all refugees seeking political asylum in western Europe.

Inflaming the political sensitivity of the issue, only a very small number of people applying for asylum end up being officially recognised as refugees.

The German authorities certified only 4.4 per cent of applicants last year as being eligible for protection on the grounds that they were being politically persecuted.

Miners march on Ankara

Thousands of Turkish coal miners yesterday set out to march to Ankara, in the wake of Thursday's one-day general strike, in the most visible display of union militancy in more than a decade, writes John Murray Brown in Ankara.

The official Anatolian news agency said 80,000 workers and their families left the Black Sea mining town of Zonguldak on foot for the 280-mile march.

The miners who have been leading the strike action this week rejected the government's TL250bn (\$45m) offer which would give workers increases of around 100 per cent. The miners want up to 500 per cent.

An Italian comic opera coup plot

By John Wyles in Rome

THE TRADITIONAL threat that Italian mothers have used against recalcitrant children - "if you don't behave I shall call the carabinieri" - has been confirmed this week as having had a far more sinister cultural impact than previously thought.

In 1964, the then head of Italy's military police, General Giovanni De Lorenzo, decided that his carabinieri might need to be called into sort out the politicians and new revelations about his planned coup d'état will today dominate Italian newspaper headlines.

Under intense political pressure, the government has provided parliament with unpublished material on what was learned from internal inquiries at the end of the 1960s about Operation Solo. This is the name Gen De Lorenzo gave to his slightly comic opera plan in the belief that the carabinieri could execute a coup alone.



Hands raised in Poland's parliament yesterday to vote in Mr Bielecki (right) as prime minister

Bielecki elected as Poland's premier

By Christopher Bobinski in Warsaw

POLAND'S parliament yesterday voted to accept Mr Jan Krzysztof Bielecki, a 39-year-old business consultant, as the country's prime minister.

Little drama accompanied the occasion in sharp contrast to the election in August 1989 of his predecessor, Mr Tadeusz Mazowiecki, as the Soviet bloc's first non-Communist premier. Mr Bielecki, a quiet unassuming man, took his seat on the government benches to perfunctory applause.

In a short speech he described himself as "Solidarity man" and promised to build a "market economy" - which was always that movement's ultimate aim. He gave a pledge to "restore normality" and said he hoped that present sacrifices would give way to efficiency.

Mr Lech Walesa, who was elected president last month, took a close interest in the voting for the man he nominated. Among those voting against Mr Bielecki were 58 deputies from the Polish People's party (PSL), which represents peasants and which is demanding guaranteed minimum prices for farm produce.

Those who abstained included 52 deputies from the

ROAD group which supports Mr Mazowiecki.

Mr Bielecki will today propose his government to parliament and after hearings by the parliamentary committees the chamber will vote on the cabinet next Thursday.

Mr Leszek Balcerowicz at present in charge of the economy is to stay in place, while Mr Andrzej Zawislak, an academic specialising in management, is to be industry minister. Mr Janusz Lewandowski, a liberal free marketeer from Gdansk, is to be in charge of privatisation, and Mr Dariusz Ledwowski, a deputy foreign trade minister, is to be promoted to minister.

Mr Adam Tanski, a deputy finance minister is to be farming minister, an appointment which wrests the ministry from the farming lobby thus pushing it further into opposition.

Mr Stefan Kawalec, his close associate at the Finance Ministry, be the next head of the National Bank. The move is proving controversial, however, as it is seen as undermining the bank's independent status which has always been set as an aim by Poland's reformers.

Some 20,000 carabinieri were to have been deployed in occupying radio and television stations, prefectures, telephone and telegraph buildings and Communist party offices in the main cities. They were to be ready to shoot to kill against any resistance.

In addition, Sifar had prepared for Gen De Lorenzo a list of 731 people to be incarcerated in a sort of concentration camp on Sardinia. This list has not been published and it is not clear whether it still exists.

Since Gen De Lorenzo died in 1973, he cannot now be asked how he could believe that 20,000 carabinieri could control a country whose tradi-

tion of armed left-wing resistance was still alive and well. Nor can we know to what particular threat he thought the country was about to succumb.

There is a school of thought which holds that Operation Solo was always intended to be a paper coup about whose existence the Italian left was meant to be aware. At the height of Solo's planning in 1964, President Antonio Segni was running out of patience at the interminable negotiations between Christian Democrats and Socialists on a renewal of Italy's recently-born experiment in centre-left coalitions.

Mr Pietro Nenni, the Socialist leader, certainly got wind of something and softened his policy conditions for agreeing to a new coalition. Political partisans in Italy date from that moment the Socialists' steady subordination to, and gradual tainting by, the Christian Democrat state.

UK NEWS

Protest at OfTel cellular proposal

By Paul Abrahams

THE FEDERATION of Communications Services is considering legal action against OfTel, the UK telecommunications watchdog, following its recommendation that cellular network providers should be allowed to retail services directly to the public by 1993.

Mr David Savage, chairman of the cellular service provider group of the FCS, the main telecommunications industry trade association, warned yesterday that the success of the UK cellular telephone industry, which with £700m of airtime revenues a year and more than 1m customers is the world's largest, could be jeopardised if the recommendation was put into practice.

He said the FCS had asked lawyers to consider whether

OfTel had followed the correct procedures before making its recommendation last June. He added that he was concerned about OfTel's ability to cope with the increased regulatory load likely to occur when the government liberalises the British telecommunications market later this year.

Under OfTel's recommendation the two network operators, Vodafone and Cellnet, would be allowed to retail cellular services directly to consumers. At present they can act only as wholesalers, providing capacity to independent retailers.

Mr Savage said: "If something isn't broken, you shouldn't try to fix it. The existing system may not be

perfect, but has nevertheless been highly successful in stimulating consumer choice and market growth."

OfTel's recommendation risked reducing both choice and competition, said Mr Savage. He said the introduction of such large companies into the market would artificially accelerate consolidation in the industry.

If allowed to provide services directly to the public, network operators could abuse their position by cross-subsidising their retail subsidiaries or by providing preferential treatment to their service operations, explained Mr Savage.

Cellular retailers have been suffering in recent months from a slow-down in market

growth and an increase in subscription costs.

Mr Savage said the FCS would prefer the separation between operators and retailers to be maintained. He added that if OfTel was determined to allow network providers to offer retail services, measures should be taken to ensure a level playing field.

In response to the government's proposals to liberalise the telecommunications industry, the FCS is to ask the Department of Trade and Industry to consider releasing licences to companies unless they sell 80 per cent of their capacity to third parties. This would prevent large groups providing cellular services to their employees at wholesale rates by setting up as retailers.

Cinema sales rise for sixth year

By Alice Rawsthorn

THE CINEMA industry enjoyed its best year for a decade in 1990 with record advertising revenue and box office receipts and the highest number of ticket sales for 10 years.

The popularity of escapist movies such as Ghost and Pretty Woman helped boost box office receipts. The industry performed particularly well over Christmas thanks to the success of the children's films Home Alone and Teenage Mutant Ninja Turtles.

The latest estimates from Rank Screen Advertising, the UK's largest cinema advertising contractor, suggest at least 91m cinema tickets were sold in 1990 compared with 88m in 1989.

This means cinema attendances increased for the sixth successive year. Cinema attendances reached their peak in the UK during Hollywood's heyday of the 1940s, but fell



Turtle power: children's films lifted Christmas sales

into decline in the 1950s because of the growth of television. Attendances fell steadily until 1984 when just 54m tickets were sold.

Mr Peter Howard-Williams, managing director of Rank Screen Advertising, attributed last year's growth to "lots of good films" and invest-

ment in multiplex cinemas.

Ghost, the urban fantasy, was the most successful film of the year with box office receipts of £17m, according to Screen International magazine, followed by Pretty Woman, the comedy featuring Richard Gere and Julia Roberts, with nearly £12m.

Other successful movies included the comedies Look Who's Talking and Honey I Shrunk the Kids, and Total Recall, the science fiction film starring Arnold Schwarzenegger.

The industry is confident of another buoyant year in 1991. A number of successful Hollywood sequels are scheduled to open in the UK over the next few months.

These include Rocky V, Three Men and a Cradle, Look Who's Talking Too and Godfather III, which opened in the UK on Christmas Day and grossed £33m (£17m) in its first eight days.

Claims for fire damage rise sharply

By Richard Lapper

INSURANCE claims in the UK for commercial fire damage rose more than 30 per cent in the third quarter of 1990 to a record £225.1m, the Association of British Insurers said yesterday. Claims for domestic fire damage rose 14.6 per cent to £33.3m.

Total claims in the year to September 30 1990 rose 27.4 per cent to £954m.

The figures are more bad news for the insurance industry, which suffered losses of more than £22m from last winter's storms.

After a dry summer losses from subsidence amount to a record £200m.

Earlier this week Guardian Royal Exchange announced an increase of between £50m and £70m in reserves for future claims on motor, employers' and public liability policies.

Big Top intact after stormy decade

Peter Marsh explains how the circus is adapting to changing tastes

MR DAVID Konyot, circus clown, is not amused with life in Britain. He is selling his house in Rotherham, south Yorkshire, and moving to Belgium to escape government bureaucracy, rising costs and the difficulties of finding full-time work caused by the recession.

Mr Konyot, who is 43 and has been a clown since the age of 13, is particularly fed up with the poll tax and with the economic consequences of Mrs Thatcher's government. "The noose has tightened in the past two years," he says.

That is one face of the circus - a part of British life for two centuries but which during the 1980s had a tough time to adapt to changing tastes.

A more rosy aspect is presented by Mr Chris Barltrop, ringmaster at Oxfordshire-based Chipperfield's Circus - a famous circus company which has spent the past four years away from Britain on tours to Malaysia, Hong Kong and Singapore.

On the circus's return to the UK, Mr Barltrop has been pleasantly surprised. Chipperfield's show in London - one of three circuses in the capital during the Christmas period - has been well supported, he says.

One difficulty for circuses over the past decade has been publicity about alleged cruelty to performing animals. That has led some local councils to ban circuses with caged beasts. It has created a stigma which the profession has found difficult to rub off.

Another challenge has been the more sophisticated demands of the public in terms of entertainment. Mr Roberto Gennains, a theatrical agent who specialises in circuses, says: "Clowns today have to be talented and funny. It's no good going out there with a bit of make-up and cracking a few silly gags."

These shifts in attitudes notwithstanding, circuses have received a potent boost to their morale from the entry into 10 Downing Street of Mr John Major, the son of a trapeze artist.

Austen Brothers' circus, the second show on in London over Christmas, has gone along with the trend away from wild animals. It has banned tigers, elephants, snakes, polar bears and other such crea-



Spirit of the circus: David Hibling, ringmaster and artistic director at Austen Brothers, with Despierto

tures - but has kept horses. The circus is trying to build up a reputation relying almost totally on human performers - one of whom is Mr Konyot, who works for Austen Brothers on a short-term contract.

Mr David Hibling, ringmaster at Austen Brothers, says building up support for this relatively new type of circus will take some years. "But given the economic climate and the competition from other forms of entertainment, we haven't been disappointed with our audiences," he says.

He says modern circuses have to take more care of the customer. "In Germany, people come to the circus in evening dress - why not here?" says the ringmaster.

The third circus in London this winter is run by Mr Gerry Cottle, a flamboyant entertainer who has been in the cir-

cus business for 20 years. "We had two difficult summers in 1988 and 1989 but this Christmas I think we've turned the corner," says Mr Cottle.

Mr Cottle's circuses are bursting with wild animals - which he says are what the public wants to see. He tried shows without them for two years in the mid 1980s, but not enough people turned up.

He claims that he finds it relatively easy to find sites for his shows because the landowners do not insist on banning wild animals. "We're not cruel," says Mr Cottle. "I'm fed-up with the protesters - they're normally yobs from universities."

In spite of signs of an upturn in the circus business, working in the industry provides little security. The 20 or so large UK-based circuses - including Roberts Brothers, Gandey's

plus the three on in London - employ a maximum of roughly 1,000 people at any one time.

The business depends mainly on freelance artists and casual staff, who can easily find themselves unemployed for long spells in between short bursts of work. A top trapeze performer can earn £500 a week, but a less skilled artist may clear only £150 - and the man sweeping up the elephant droppings even less.

One man who claims to have little difficulty finding work is Mr Dany Cesar, a 38-year-old Belgian equestrian who speaks four languages and tours Europe with his 10 horses and his wife Yasmin - a partner in his double act. Mr Cesar says he is fully booked until late 1992. "If you give people good shows, they will come," he says. "If you put on bad shows, you die."

People in the British circus say they have been influenced by innovative circus groups from overseas - such as Archaos from France and Circus Soleil from Canada - which have toured the UK in recent years.

Not all these shows have succeeded, however. But they have provided plenty of ideas, in particular on how to infuse into the traditional animal-oriented British circuses some aspects of the more theatrically-based shows of other European nations.

UK-based performers are becoming more willing to travel around Europe in search of work. Mr Gerry Bushaway, a 29-year-old trapeze artist who is performing with Austen Brothers this winter, says that later this year he may set out for Scandinavia, where in recent years the circus has been exceptionally strong, to look for more stable employment.

Mr Bushaway - one of the four-person Pegasus Flyers, which claims to be the only all-British trapeze group - admits quiet pride at the thought that the new UK prime minister comes from a circus family.

Mr Major recently made it known that he had no plans to visit circuses over Christmas. But Mr Bushaway is confident. "If it hadn't been for the Gulf crisis, I am sure we would have seen Mr Major here at the circus enjoying himself," he says.

Major promises more privatisation

By Ralph Atkins

MR JOHN Major has indicated that there should be no let-up in the government's commitment to privatisation. This is in spite of the apparent shortage of viable candidates after the hectic pace of sales during the 1980s.

The prime minister, in an interview published in the Daily Mail newspaper yesterday, said there was a "fair bit left" on the list of possible sales. The public sector could be reduced still further by "contracting" - appointing private companies to act as agents of the government.

Mr Major is adamant that reducing the

size of the public sector has to remain a priority, underlining his determination that at least this part of Mrs Margaret Thatcher's legacy should continue.

Once the electricity industry is fully privatised, the government will be committed only to the sale of British Rail and British Coal. Neither will be sold before the general election.

Government receipts from privatisation sales fell from a peak of £7.1bn in 1988-89 to £4.2bn in 1989-90. However, they are expected to rise slightly in this financial year, largely because of the sale of

the electricity distribution companies. Mr Major said: "I do not want to deal with individual examples but there is a whole series of areas in the public sector that I think we can look at and say: 'can they actually be done by the private sector as agents of the public sector?'"

He said the Post Office was a special case because of the "particular problem" of the Royal Mail.

Elsewhere, "the presumption would be that unless it needs to be in the public sector, we would look at putting it into the private sector."

UK NEWS

Bankers deliver blow to ECGD sell-off plans

By Peter Montagnon, World Trade Editor

PLANS to privatise part of the Export Credits Guarantee Department have suffered a setback because of dwindling interest from clearing banks, once seen as possible bidders for it.

ECGD's short-term export credit insurance business, based in Cardiff, is to be privatised later this year. However, bankers say the cost of owning it would be prohibitive because of big capital requirements that would be imposed by the Bank of England.

Their waning enthusiasm means that the list of potential bidders is likely to be shorter than originally expected, limiting the price the government can expect to achieve.

It has also prompted controversy over the different regulatory treatment of banks and insurance companies, which would not be subject to the same stiff capital requirements as banks if they bought the ECGD.

Mr John Hollows, head of international trade finance at Barclays Bank, said: "We looked very carefully at the acquisition of ECGD's Cardiff operation but withdrew when

we fully understood the implications as far as capital requirements were concerned." Other clearing banks said they would also be deterred by Bank of England rules requiring a bank purchaser to treat the £13bn-£14bn of exports insured by Cardiff as if they were loans for capital requirement purposes.

This makes the business unattractive to banks, leaving the bidding open to insurance companies only. Two such companies, Trade Indemnity and Sun Alliance, have publicly expressed an interest in buying ECGD, but the government and Samuel Montagu, its advisers, want a strong list of bidders in an effort to generate some real competition.

A concerted approach to the government from several trade associations is expected before the sale is debated in parliament this month.

The London Chamber of Commerce, British Exporters Association and the Confederation of British Industry are considering contacting Mr Tim Sainsbury, trade minister, to express their concern over the impact on exporters of the sale.

Hong Kong bus group buys Essex operator

By Richard Tomkins, Transport Correspondent

ONE OF the most unusual changes of ownership in Britain's rapidly changing bus industry was made public yesterday with the announcement that Mr T. T. Tsui, said to be the fifth-richest man in Hong Kong, had stepped into the market.

His Hong Kong-based CNT Group bought the local bus operations of Ensign Bus Services last week for an undisclosed sum believed to be several million pounds.

Ensign, based in Purfleet, Essex, runs 87 blue-and-silver buses in the Romford, Dagenham and Barking areas of London and Essex, mainly on routes put out to tender by London Transport. It also operates the London Pride fleet of eight-seater buses and has sales and engineering activities, but these are not included in the sale.

The services taken over will be formed into a new company called Ensign Citybus which Mr Tsui expects to form the core of an expanding bus operation in the UK.

Mr Tsui runs a big bus operation in Hong Kong. CNT Group owns Citybus Ltd which operates more than 100 air-conditioned, double-decker Leyland Olympian coaches in Hong

Kong and the neighbouring areas of China. His other interests include the China Paint Company, the China Harbour View Hotel and Rediffusion Hong Kong.

Ownership of the UK bus industry has been in a state of flux since deregulation brought the break-up of the state-owned National Bus Company in 1986.

Recently there has been aggressive expansion of operators such as Stagecoach Holdings, Badgerline Holdings and Drawlane Transport Group, which have grown rapidly through acquisition.

Mr Tsui's move is believed to be the first by an overseas entrepreneur into the UK into a market which until now has remained the preserve of domestic operators.

Britain's bus industry is the only one of any significant size in Europe to have been deregulated. This has led to fears that it could be vulnerable to competition from operators in countries which did not allow it to reorganise.

Yesterday the Bus & Coach Council, the UK industry association, said it saw Mr Tsui's interest as a positive sign. "We welcome investment from any source," it said.

Property developer to face winding-up plea

By David Waller

A WINDING-UP petition has been brought against Land & Property Trust (LPT), a private property development company controlled by Mr Barish Berger, the descendant of the Berger property dynasty which has assets estimated at about £40m to £50m net.

The forced winding-up of the company would worsen difficulties in the property market.

The petition was taken out by John Lelliott, the main contractor on the Point West development in west London, which is being built by a subsidiary of LPT. The project,

one of the largest residential developments under way in London, went into receivership just before Christmas.

Lelliott refused to give the grounds for the litigation yesterday. LPT was unavailable for comment.

Mr Tony Houghton, the Touche Ross partner who is receiver at Point West, said the winding-up order affected the parent company and not the Point West development. He had postponed the contract with LPT for one month while the feasibility of the project was examined.

Reviving the spectre of sheep-and-goats schooling

Norma Cohen reports on reactions to the government's move to greater flexibility in the curriculum

IT IS a widely accepted principle that students in their final years of compulsory schooling should be doing all they can to prepare themselves for the real world.

Therefore, the decision of Mr Kenneth Clarke, education secretary, to unravel a key portion of the government's 1988 Education Reform Act and allow greater flexibility in the curriculum for older pupils was, generally, greeted with enthusiasm.

"I am delighted," said Mr John Sutton, general secretary of the Secondary Heads Association. "We've been telling the government for some time that 10 subjects at key stage 4 (14- to 16-year-olds) would not work."

Similarly, Mr Vivian Anthony, general secretary of the Headmasters' Conference, which represents the most prestigious private schools, said: "This receives our wholehearted support. It's exactly what we've been asking for."

However, in the process of unlocking the curriculum to open the door to a system of academic and vocational subjects, Mr Clarke has once again raised the spectre of a two-tiered system of qualifications for school-leavers.

The revisions also appear to open the door to a system of largely vocational education for less academically able youngsters beginning at age 14. Such a system was broached in November by Mr Tim Eggar, education minister, but was quickly scotched by aides to Mr John MacGregor, former education secretary.



Change of course: pupils will no longer have to tackle 10 GCSE subjects under the new proposals

Yesterday, Mr Clarke said that getting more vocational subjects into the curriculum was one of the prime reasons for his proposals.

GCSE examinations, intended to become the final measure of pupils' grasp of the national curriculum at age 16, had replaced the dual system of O Levels and CSE exams.

But Mr Clarke's radical rewrite of the Education Reform Act, announced yesterday, has abandoned the critical requirement that all students learn all 10 subjects well enough to pass GCSE exams. Instead, only three subjects -

mathematics, science and English - will have to be studied.

Technology and modern languages may be studied in an abbreviated form and students have the option of dropping either history or geography completely or taking a watered-down version of both.

Art and music become optional subjects. Students may replace optional subjects either with other non-national curriculum subjects or, as appears even more likely, may replace them with vocational studies.

Mr Clarke said yesterday he

did not believe the shortened courses would force a return to the dual system of credentials for school-leavers, which had prevailed before GCSEs.

The government's advisory body on exams, the Schools Examinations and Assessment Council, "will have to address itself to what lies at the end of the shortened courses," he said.

But the council's reaction was to say: "That worries us very much, because we may return to a dual system of exams which we spent 20 years trying to get rid of."

The National Curriculum Council said: "CSEs and O Levels were very much a sheep-and-goats affair."

While the academically able goats went on to take O Levels, sheep were encouraged to set their sights lower, pursuing only CSEs in certain subjects.

These CSE qualifications never attained the status of O Level exams.

How employers or institutes of higher education will view the new half-measure GCSE qualification is unclear.

Certainly, much depends on the type of exam devised to measure it and public perceptions of the degree of rigour required to pass it. Further,

the question remains whether the sheep-and-goats system will be encouraged again through the introduction of vocational studies for 14-year-olds.

Mr Tony Webb, director of education at the Confederation of British Industry, said the proposals needed further study and expressed disappointment that the study of technology and modern languages would not be required up to GCSE level.

While the CBI generally welcomed the option for vocational study at key stage 4, it feared that it might be presented only as an option for less able pupils.

"If these qualifications are to have status, they should enable people to go on for A Levels and should also attract high flyers," Mr Webb said.

A key ingredient of Mr Clarke's proposals calls for the vocational examining bodies to develop pre-vocational qualifications which certify that students have met the whole or parts of attainment targets also required for students studying national curriculum academic subjects.

The examining bodies have also been asked to develop exams for vocational subjects outside the national curriculum framework - subjects unlikely to lead pupils into A Level studies.

Ultimately, much work needs to be done before it is clear whether the latest reforms to the curriculum lead to greater choice for pupils or a greater divide between sheep and goats.

BRITISH PSYCHOLOGICAL SOCIETY

Use of graphology criticised

By Diane Summers, Labour Staff

COMPANIES are being warned today against using graphology - the study of handwriting - as an aid to recruiting employees or selecting them for promotion.

The warning will be given at the British Psychological Society's conference in Cardiff. It follows research which is said to show that handwriting analysis results almost completely failed to match more tested methods of selection.

Graphology is particularly popular in France, Germany and the Netherlands. Its use in the UK has been limited. Estimates of organisations using graphology vary from fewer than 1 per cent to nearly 8 per cent. Some companies do not like to admit openly they use the technique.

One company that is open about using graphology is SG Warburg, the investment bankers. Handwriting analysis was personally favoured by the man who founded the com-

pany, Sir Siegmund Warburg.

The company said it was interested in the research findings but was likely to carry on using the technique. "We have used graphology for many years. We have a fair degree of confidence it has its place in the recruitment process," said the company.

Warburgs, which employs 5,000 people worldwide and 3,000 in the UK, emphasised that it used handwriting analysis only as an adjunct to extensive interviewing of prospective executives.

Graphology could become more common as growing numbers of companies based in other EC countries set up subsidiaries in the UK, said Mr Jon Cox from British Telecom and Ms Jane Tapsell from Austin Knight Consulting, the two psychologists who carried out the research.

They found 50 candidates who were being assessed for management potential by a

large company and sent them to a centre where they were observed participating in group discussions, performing in-tray exercises and completing written assignments. Such assessment centre tests have a long-established success rate, according to the researchers.

Samples of handwriting from the 50 candidates were then analysed by qualified graphologists. "The results showed only random relationship with performance in an assessment centre tests have a long-established success rate, according to the researchers."

However, Mr Chris Molander, chairman of the British Institute of Graphologists, said that assessment centre techniques had a "low degree of validity". He added: "For every report of this nature there are a dozen reports in Europe and the US that would not agree."

Stress warning for staff who drive

By Diane Summers, Labour Staff

EMPLOYEES WHO drive to work or use a car as part of their job should be taught relaxation techniques to avoid driving themselves round in a bend with stress, according to the latest research on the effects of regular driving.

The recommendation is part of a 10-point plan being put forward to employers by the Health Promotion Research Trust, after a study carried out by psychologists from Aston University in Birmingham.

A survey of about 700 regular drivers from companies which included Du Pont (UK) and Avon Cosmetics showed that the main sources of driver stress were: other drivers' behaviour; bad weather conditions; having to keep to a strict

time schedule; and worries from home or work.

Drivers were more stressed in the evening than in the morning, Mr Ian Glendon from Aston Business School told the British Psychological Society conference. This was probably because of the accumulated effects of the stresses of the day.

Older employees found driving less stressful than younger ones, coped better and were more relaxed in traffic jams, the study found. These drivers also showed highest stress levels in the middle of the week.

Younger drivers were more stressed towards the end of the working week "as they looked forward to exciting weekends", according to the study.

As well as teaching relaxation techniques, companies should carry out an audit of their driving needs, the research recommends. Young employees, in particular, should be targeted for advice on how to reduce driving stress.

On an individual level, the study recommends keeping a driving diary for a week to see which situations are found to be particularly stressful. Listening to a car radio or tape was found to be an effective way of reducing stress while driving.

It is estimated that about 5m cars are used each day for work on the UK roads. In the European Community as a whole, about 50m cars are in regular use for work.

INSTITUTE OF BRITISH GEOGRAPHERS

Call for tax change to reflect costs to society of cars

By Andrew Jack

BRITISH motorists paid less than one third of the costs they imposed on society, a University of Lancaster transport geographer said yesterday. He called for adjustments in the tax system to reflect the ecological costs.

Speaking at the Institute of British Geographers' annual conference in Sheffield, Dr John Whitelegg calculated that the cost of cars to German society in 1986 was DM17.7bn (£26.8bn) to DM11.7bn, while taxes on drivers raised only DM1.4bn.

Similar figures applied for cars in the UK, he said, while the subsidy provided by German society to trucks was even larger, with costs of DM46bn offset by taxes and other revenues of only DM6.7bn in 1987.

"The costs of lorries exceed the revenues they provide by a factor of six or seven, while cars cost three to four times what they pay," he said. The

figures include the costs of road construction, traffic accidents, and the damage to health and buildings from air and noise pollution.

The higher figure for lorries was derived from the fact that they were involved in more serious and costly accidents and contributed more to noise levels. Roads also had to be built at greater strength to withstand their weight.

But the British Road Federation and the Road Haulage Association refused to acknowledge these wider costs, said Dr Whitelegg.

He called for the introduction of "ecological tax reform", which would transfer the tax burden away from labour and capital towards activities which consumed finite resources.

"Such a heavy subsidy provides drivers with a good deal and no incentive for change," he said.

Sheffield games jobs costed at £82,370 each

By Andrew Jack

EVERY job directly created by the 1991 World Student Games in Sheffield will cost £82,370, according to an academic study released yesterday.

Most of the cost will be paid by the city's residents, but only 60 per cent of the jobs will go to people in the area, said Dr Paul Foley of Sheffield University.

Addressing a forum on the games at the Institute of British Geographers' annual conference in the city yesterday, he said that some 1,980 jobs

would be created as a direct result of the £174m spent on construction and running the event.

He said the cost-per-job figure was nearly three times the average of £28,760 for other recent urban, economic development projects in the country. Dr Foley added that the impact within a 10-mile radius of the city would be 9,730 jobs as a result of construction and 1,330 once the facilities were opened, further reducing the cost-per-job figures.

Government closes its ears to the 'siren voices' of devaluation

Rachel Johnson and Ralph Atkins report on a debate which is becoming increasingly heated and crossing party lines

THE GOVERNMENT has made it clear it is deaf to the "siren voices" of those calling for a sterling devaluation to give economic recovery a chance this year.

Mr John Major said in an interview yesterday: "Look at the countries with the best exporting records in the world, the Japanese and the Germans. Have they been persistent devaluers? They have not."

Mr Norman Lamont, the chancellor, was asked in his FT interview this week whether he was sympathetic to setting a lower central rate for the pound. "No," he answered simply.

It is the government's job to give monetary responses to questions about interest rates and the pound. For if the markets caught a whiff of any intention to lower sterling's central rate within the exchange rate mechanism, it could make the pound vulner-

able on the foreign exchanges. The devaluation debate has quickened, however, as the defence has mounted that the government locked sterling into the ERM in the middle of the fiercest recession since the 1930s, according to Sir Alan Walters, the former personal economic adviser to Mrs Thatcher who is leading calls for a devaluation.

In Westminster comments on the exchange rate are handled with care. The Labour party has focused on arguing for a cut in interest rates to avert a worse recession than necessary.

Mr John Smith, shadow chancellor, says: "The markets have already discounted a prospective cut in interest rates and it could be affected without a downward effect on sterling."

He attributes the government's predicament largely to its handling of ERM entry, par-

ticularly the decision to cut interest rates before joining. It was "inept in the extreme" and has led to the government losing confidence in foreign exchange markets, he says.

With many expecting an ERM general currency realignment this year, the debate is heated in the City, industry and academia.

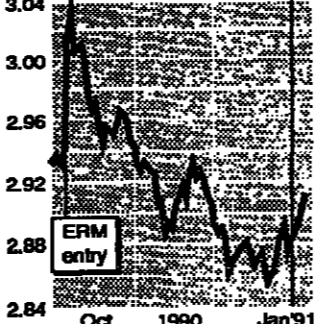
Arguing for the most radical change are the monetarists - led by Prof Tim Congdon of Gerrard and National - who want to restore monetary control by leaving the ERM. "We should have floating exchange rates, then we can control the money supply, especially broad money, and return to the policies of the early 1980s," he said.

Prof Patrick Minford, of Liverpool University, also wants to have a floating pound back. Failing that, there should be a devaluation to get sterling trading at the top end of a much lower central rate, thereby achieving greater exchange-rate flexibility.

"The government's line is to say there will be no devaluation and hope that things will be all right on the night. The trouble is, exchange rates are subject to shocks," he said.

Sterling

against the D-Mark (DM per £)



The Keynesian, as opposed to monetarist, devaluationists believe that ERM membership will force unnecessarily high unemployment levels on the UK and prevent output and export growth.

Mr Neil Mackinnon, economist at Yamaichi International, said: "The government will be lumbered with a devaluation this year whether they like it or not, as the current account deficit stays high."

Mr Mackinnon argues that a devaluation of the size recommended by Sir Alan this week

of 10 per cent to 15 per cent is too big. During the 1980s the average devaluation within the ERM was 3 per cent to 4 per cent, while the foreign exchanges automatically gave the thumbs-down to any devalued currency. He suggests a 3.3 per cent devaluation - moving its central rate to DM2.85. Without lowering the pound's value, the government could be forced to raise interest rates to keep it up, he says.

The National Institute's economist, Mr Peter Westaway, also supports an early devaluation to accommodate markets' expectation of a 3 per cent sterling depreciation over the year.

There are devaluationists within the Conservative party too, in spite of the government line.

Mr Nick Budgen, MP for Wolverhampton South West, is a persistent critic of the ERM. "In my opinion you come out of ERM as quickly as possible and when you come out then the market may devalue the pound," he says. The alternative is to devalue within the ERM but that would "make a nonsense" of the system.

He adds: "The consequence of not having it [a devaluation]

is that we would have interest rates too high for too long."

Yet there are just as many who find a devaluation unacceptable for both economic and political reasons. They consider that to devalue sterling as soon as the ERM medicine begins to bite would give the worst possible signal to the labour market, and thus shrink dealing with the UK's most deep-rooted economic malaise, wage-inflation.

For the Liberal Democrats, Mr Alan Beith, Treasury spokesman, said: "The government's mismanagement of entry [into the ERM] would only be compounded by a substantial devaluation now. The damage that would be done to our long term anti-inflationary credibility within the mechanism would far outweigh the short term benefits of a quick-fix devaluation."

Mr Gavin Davies, economist at Goldman Sachs, says the only acceptable realignment would be a revaluation of the D-Mark versus the pound, leaving sterling's value against other currencies unchanged. This would have the advantage of saving embarrassment. It would allow the government to

finesse the move as another Bundesbank-dictated shift of monetary policy.

Lastly, a clutch of economists consider the government made its bed by joining the ERM at its chosen rate, and now has to lie in it. Anything else would irreversibly undermine the government's commitment to Europe and its standing in both the domestic labour market and international financial markets.

Mr Graham Mather, director of the Institute of Economic Affairs, and no fan of the ERM, said: "I think the chancellor means what he says. I'm sick of those who advocated ERM entry only to set up a caterwauling about the rate at which we joined."

This sentiment probably explains industry's sudden silence. The Confederation of British Industry yesterday said the central rate was "broadly tolerable" and there was "no feeling that the rate was too high across a range of sectors."

Finally, the fact that most economic models find that devaluations bring higher inflation is a compelling reason for the government to carry on ignoring the siren voices.

NEWS IN BRIEF

Jobs to go at MK Electric

MK Electric, the plug, socket, and electrical components manufacturer, yesterday announced it was making 415 employees redundant in the south-east because the recession had depressed demand for domestic appliances and household electrical wiring.

The company will close its factory at Broadstairs in Kent and cut staff from its Edmonton, North London, plant and at its Buckinghamshire distribution depot.

Raynor receivership

RAYNOR Contracting, an East Midlands-based supplier of heavy plant to British Coal, went into receivership after finding itself unable to service interest payments incurred through rapid expansion.

Mr Richard Rees of receivers Price Waterhouse said no redundancies were planned among the 110 employees.

Sales growth slows

JOHN LEWIS Partnership, the department store and grocery chain group, said sales growth had slowed substantially. In the week ending on December 28 total sales grew by 9.3 per cent compared with an increase of 16.7 per cent in the same period in 1989.

Royal Mail review

THE Post Office announced that it would review the management and administration of its Royal Mail Letters division to consider whether the present management structure met customer needs.

BSkyB jobs to go

ABOUT 40 jobs are expected to be shed when British Sky Broadcasting abandons its Sportsdesk programmes on January 21. Journalists, presenters and technicians will be affected. The sports channel is run by Champion Television. Shareholders in BSkyB include Pearson, publisher of the Financial Times. Letters, Page 7

House prices fall

UK house prices average fell by a record 10.7 per cent last year, according to a survey by Nationwide building society. It forecast that prices would rise by about 5 per cent this year provided mortgage interest rates fell this spring.

Paisley claim denied

THE government of the Irish Republic denied a claim by the Rev Ian Paisley, leader of Ulster's Democratic Unionist Party, that agreement had been reached on Dublin's involvement in talks on the province's political future.

It said the timing of Dublin's participation in talks remained an important subject of discussion.

Pistol smuggled

THE pistol with which Mr Patrick Sheehy, the IRA terrorist suspect, apparently shot himself this week was part of an arms consignment of about 24 similar weapons smuggled to Ireland from Libya, police sources in Dublin said.



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Weekend January 5/January 6 1991

Mr Major's challenge

MR John Major has the reputation of being a very political politician. Why, then, did he introduce a policy, when chancellor, which will make it impossible to do what every politician should do, namely, to choose the election? Either he is a consummate actor or, far from being a political pussycat, is an ideological tiger.

The latter hypothesis looks increasingly plausible. Mr Major probably does believe that lowering inflation to the best European levels via membership of the Exchange Rate Mechanism at the current parity is politically astute and intrinsically desirable. His problem and that of the chancellor is that many people find it impossible to believe that he really believes this.

Such scepticism creates a vicious circle. Especially with the date for a general election getting close, the high price of making the government's policy credible is undermining its credibility and so increasing its price. None the less, the government must persist. It has no alternative.

How did the government get itself into what is increasingly seen as a pretty pickle? The obvious answer is that two developments were unforeseen at the time of entry at the beginning of October: the first was the limited credibility of the ERM commitment; the second was the rapidity with which the UK economy was entering recession. Taken together these two have made the deflationary force of ERM stronger and more immediate than was generally expected.

Decidedly weak

Almost from the first few hours sterling was decidedly weak. One explanation for the weakness is the stage of the cycle. Sterling has been managed within a band of about 10 per cent on either side of DM3 for four years. Having followed a steep depreciation in 1986, that exchange rate was initially seen as rather low. Until the summer of 1988 the main problem, therefore, was to keep sterling down. The monetary consequence was an inflationary expansion that undermined the exchange rate. For more than two years, the main challenge has been to keep sterling up.

In this way, the UK has already enjoyed its honeymoon, back in 1987 and 1988. But for the almost complete absence of more than a momentary second honeymoon, the bold decision to enter the ERM at a demanding rate and the mistaken decision to lower the base rate of interest simultaneously are responsible.

"When you take the commitment to an industrial tribunal things get very rough and very dirty."

Alison Halford, Britain's most senior woman police officer, has generally kept her own counsel over her decision to take action against the sex discrimination that has impaired her promotion prospects. But her rare and bitter comment last month shows that the case has already provoked extraordinary depths of feeling.

Colleagues of police internal politics have been in time following the twists and turns of the affair, and the tribunal hearings do not even begin until next week.

Ms Halford, an assistant chief constable in the Merseyside force, initiated her sex discrimination action in September. Since then:

- she has herself been suspended from duty pending possible disciplinary action;
- Mr George Bundred, chairman of Merseyside police authority, has withdrawn from further participation in disciplinary proceedings involving Ms Halford following an allegation that he had described her as a lesbian;

- newspaper reports have appeared of Ms Halford swimming in her underwear in a Merseyside businessman's pool while on duty;
- on Thursday Ms Halford, claiming that as a suspended officer she had the status of a member of the public, lodged a formal complaint against Mr James Sharples, her chief constable, alleging neglect of duty.

Many police officers, female and male, believe that the service's procedures for promotion to the highest ranks would benefit from public scrutiny. They hope that Ms Halford's industrial tribunal hearing will prove less lurid than its preliminaries and provide a forum for airing significant issues in a calm way. Time will tell.

Alison Halford, 50, grew up in Norfolk and attended Notre Dame Roman Catholic school in Norwich. She joined the

If the aim is to lower inflation to German levels as swiftly as possible, then the present policy will deliver it, though at a high price. The FT's survey, published this week, shows the average forecast for inflation to be 4% per cent in 1992, though there is expected to be no economic growth in 1991 and an increase in unemployment of about a quarter of a million. The fall in inflation could be still steeper and, falling early and substantial reductions in rates of interest, the recession still deeper.

Inflation objective

Mr Norman Lamont accepted these implications of current policy in this week's interview with the FT. He not only insisted that his main objective was to lower inflation, but ruled out devaluation. He sounded quite convincing. The foreign exchange markets seemed to think so, with sterling up to DM2.9151 by the end of the week.

The problem with this hawkishness is not its economics, but its politics. Tory backbenchers are likely to be running around like headless chickens six months or so from now. Maintenance of the present exchange rate might then become so unconvincing that interest rates would have to be raised. International events – higher German interest rates, for example – might add to the pressure. The government's fortune could then be tested to destruction.

Can the government do anything to increase its credibility? One possibility is to move to narrow bands around the same central rate, a bold but risky option. An undoubtedly sensible move, however, would be to give the Bank of England legislative authority over both interest rates and the foreign exchange reserves, while retaining only exchange rate policy for itself. Nothing could do more to increase the credibility of the present policy and so limit its likely costs.

What the government must not do is to return sterling, let alone leave the ERM altogether. That would leave it without so much as a figleaf of counter-inflationary credibility. That so many want this so soon is the most convincing recent evidence of the dominance of short-termism in all reaches of British public life.

The government must persist through unbelief. It must hope that persistence will turn unbelief into belief. It may help itself by re-adopting a monetary constitution that was one of the models for the Bundesbank. But it sought marriage to the ERM. To seek a quick divorce would make it ridiculous.

When Mikhail Gorbachev told his fellow countrymen in his new year address that they had "no more sacred task" than the preservation of a united Soviet Union, he chose his words with care. For the Soviet leader has launched little less than a religious crusade to preserve the union, against all the odds.

It is a campaign for which he appears to have abandoned his earlier hopes of rapid and radical economic reform, and thrown in his lot with those conservative forces which have until now been most suspicious of perestroika, glasnost, and the transition to a market economy.

On Soviet television on Thursday night, announcing that he had reached agreement with the 15 union republics on a temporary division of economic powers and responsibilities, President Gorbachev appeared both hugely relieved and exhausted.

He tried to joke about the importance of the whole affair. Yet it was far from vintage Gorbachev. His pauses between words were so long that the obsequious interviewer was forced to interrupt to keep him going. Details of the deal have yet to be revealed. Even when they are, it still has to be approved by the parliaments of all 15 republics. It may even have to be agreed by the parliaments of another 20 autonomous republics, each one representing another ethnic group to which Joseph Stalin, seeking to divide and rule, saw fit to grant a fragment of independence.

Today that crazy patchwork of union republics, autonomous republics, autonomous regions and national territories, none of which meant a lot in the days of Stalin, has come back to haunt the much more democratic Mr Gorbachev as he tries to negotiate a new Union Treaty.

That document, the constitutional basis of the entire Soviet federation, is only now beginning to be discussed in earnest, although it was originally supposed to be agreed by the end of 1990. Crucial questions such as who decides the taxes, who spends them, and who will have how many votes in the future central government, are just beginning to surface, 12 months after the subject was raised.

The past year has seen instead a hectic process of every possible local entity seeking to declare its own sovereignty, autonomy or even independence, regardless of its constitutional basis or practical meaning.

Every single union republic has issued a declaration of sovereignty, most of which insist blithely that republican laws take precedence over union laws. Precisely what they mean in practice, nobody knows. But the effect has been to create what Mr Gorbachev has called a "war of laws", with the result that nobody knows what to obey.

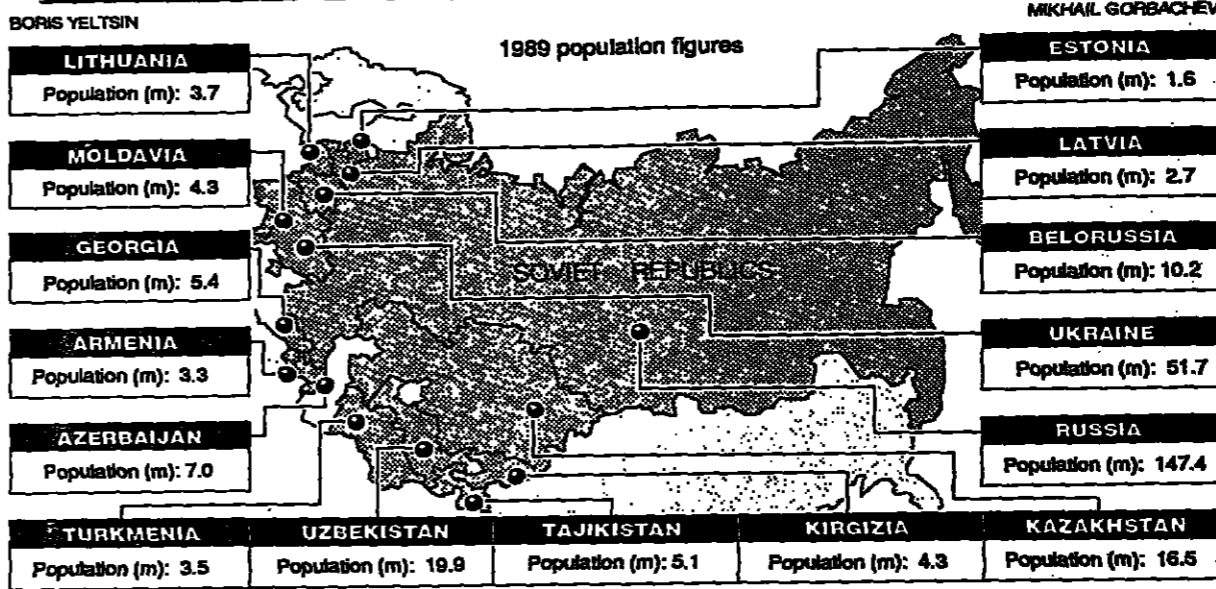
That is compounded by trade barriers, as each town and region, as well as the republics, imposes restrictions on who can buy what scarce foods and consumer goods, and what can be taken out of town.

It is not only a problem for Mr Gorbachev. Mr Boris Yeltsin, president of the Russian federation, which contains just over half the Soviet population, three-quarters of its territory, 50 per cent of its oil, and contributes 63 per cent of Soviet national income, is facing a parallel revolt. Of the 16 autonomous republics which are part of the Russian federation – places as exotic as Udmurtia, Tuva, Tataria, Yakutia and Dagestan – 14 have now issued their own sovereignty declarations or decrees.

As for the autonomous regions and national territories (another 18 across the union, 16 of them in Russia), several have demanded upgrading to the status of an autonomous republic.

That is the chaotic basis on which Mr Gorbachev is seeking to build his new treaty. Last month, he persuaded the Congress of People's Deputies, the supreme constitutional authority of the union, to approve his draft treaty

Quentin Peel on the choices facing Mr Gorbachev as he tries to negotiate a new Union Treaty against powerful opposition



Crusade to keep a country together

as the basis for talks. It seeks to leave the central government in control of defence, foreign policy, laying the basis for a single common market, a single currency and monetary system, managing gold and diamond reserves, a single energy system, railways, air and sea transport and pipelines. Social policy, culture, education and scientific research would be joint policies. There would be a unified system of law enforcement, and Russian would be the state language.

Mr Nursultan Nazarbayev, the able and ambitious Communist party leader and president of Kazakhstan, declared in advance that the vote was meaningless. "It is a question for the republics to decide, not the congress or the president," he said.

From an erstwhile Gorbachev loyalist, a man widely mooted as the likely vice-president, that was an extraordinary remark. Perhaps the most notable feature of the entire 10-day congress, behind the sound and fury of Mr Eduard Shevardnadze's resignation and Mr Nikolai Ryzhkov's heart attack, was the fact the every republican leader served notice that he was no longer prepared blindly to accept the word of the central government.

From Mr Yeltsin, that was to be expected. From Mr Nazarbayev, from Mr Islam Karimov of Uzbekistan, or Mr Viktor Fokin, prime minister of the Ukraine, it was a sign of the times. As for the openly rebellious republics, like the Baltic republics of Estonia, Latvia and Lithuania, or the trans-Caucasians (Georgia, Armenia and Azerbaijan), half of them failed to attend. The others were there in flesh

but not in spirit. They are far more bothered about their internal problems, and preparing the ground for ultimate independence, than with any (for them) purely theoretical debate on the future of the union.

President Gorbachev appears to be convinced that the centrifugal forces can still be stopped. He has taken his eyes off the economic reform process, allowing the conservative bureaucrats in his government to dictate its pace and form, in order to concentrate wholly on saving the unity of the old Soviet empire.

If appearances are to be believed – and Mr Shevardnadze appears to believe them – the Soviet leader has been forced to fall back on the last institutions still dedicated to a centralised state: the military, the Communist party, the KGB, the huge defence industry and, quite probably, the Russian Orthodox Church. They are all dominated by Russians.

It is as if he is determined not to go down in history as the man who presided over the dissolution of the empire. After all, it was Peter the Great, not Stalin, who first conquered the Baltic republics. Tsarist rule was established in central Asia between 1850 and 1914. Georgia was declared a Russian protectorate in 1878, and Armenia incorporated between 1895-28. It is an awful responsibility to Mother Russia to be the man to let them go.

However what the republics now appear to want more clearly than the Soviet president is that economic and political reform are inextricably linked. Mr Nazarbayev and Mr Kar-

imov spoke up at the congress to denounce Moscow rule, precisely because of the economic exploitation of their republics. Although they are both loyal Communists, they suddenly see in a transition to a market economy the chance of liberation from the dead hand of the centre.

"The command-administrative system which stood for years is broken," Mr Nazarbayev declared, echoing words which Mr Gorbachev has uttered again and again since 1985. But he went on to identify the president with the old system. "Our efforts to earn hard currency are blocked by presidential decrees and laws prepared by the government," he said.

Control of export earnings in an economy where faith in the rouble has collapsed is now possibly the highest priority in every republic. Another key question is price reform. "The latest act by the Council of Ministers can be compared to wholesale subversion," Mr Nazarbayev said. "That was the decision to impose new wholesale prices for raw materials, and new procurement prices for agricultural products, and then delegate responsibility for raising retail prices to the republics."

He then accused the president of performing an "unnatural marriage", seeking to blend the radical economic reforms proposed by the Shatalin plan (involving a 500-day transition to a market economy) and the "planned transition" through administered price rises proposed by the Soviet government. "The artificial reinstatement of a still-born programme by the government is not a compromise we

should follow," he concluded.

So what picture of a future union do the republican leaders envisage? Do they want a union at all, or are they inexorably heading towards disintegration? Mr Nazarbayev and Mr Yeltsin both insist that they do want a union. They are simply demanding that they design it, not Mr Gorbachev.

The Kazakh leader's vision appears to be close to the "economic union" first proposed by Professor Stanislav Shatalin and his fellow radical economists last August. It would involve agreement on a single market and a single currency, to provide the framework for substantial republican autonomy. According to the original version, the central government would not even have the right to levy taxes, but would simply request a proportion of republican taxes each year to finance its expenses.

The idea is a bit like moving to a common market in reverse. But the problem is how to get there from the present chronically over-centralised, over-specialised state economy, in which huge sections of industry are totally monopolised. An estimated 30 to 40 per cent of industrial output is accounted for by products for which there is only a single manufacturer. Exported goods are therefore locked into the union by its dependence.

The desire to break that dependence is now paramount. "The centre is unwilling to listen even to its allies," according to Vitaly Portnikov, a commentator at the new Nezavisimaya (Independent) newspaper. "The centre does not wish to sign a Union Treaty of the sort that the republics desire. Does Gorbachev's team take into account the fact that the 'independence virus' has affected practically all the republics?"

Mr Portnikov believes that instead a Big Four agreement is in the making, involving a quadripartite pact between Russia, Ukraine, Kazakhstan and Belorussia. Mr Yeltsin has virtually said as much.

The idea is close enough to the vision spelled out by Mr Alexander Solzhenitsyn, the exiled novelist, for a future Slavic Union of Russia, Ukraine and Belorussia. None the less, the Big Four pact is somewhat different because it opens the door for central Asia to be part of the union. It would therefore be less Russia-dominated than the Solzhenitsyn scheme.

Mr Gorbachev's counter might be to exploit the autonomous republics to use the desire of the second division republics for greater independence from the big republics. In his new constitutional reforms, he got all 30 of them included in the Federation Council, giving him a huge counterbalance to a conspiracy of the full union republics. The council will share executive power with the president on all questions of all-union significance, thus giving the republics a say in central government decisions.

The danger is that by doing so, he will reinforce the process of disintegration – and reopen bloody and divisive border disputes. Many of the autonomous republics have a huge number of ethnic minorities, designed to install puppet leaders from local minorities, even when they did not represent a majority in their home territories.

If he is kept well-informed, Mr Gorbachev's apparent determination to keep a union together at all costs is difficult to understand. He insists that nationalist leaders in areas like the Baltics and trans-Caucasus are irresponsible, whereas elections suggest that people like Zviad Gamsakhurdia in Georgia, or Vyntas Landsbergis in Lithuania, enjoy genuine popular support. A referendum on the preservation of the union such as the Soviet leader is calling for may very well backfire in republics like those.

In reality, Mr Gorbachev's choice may be between allowing the republics to dictate the shape of a future confederation with a very weak centre, or seeking to impose a stronger centralised state by force.

WOMAN IN THE NEWS

Alison Halford Tough stand in a man's world

By Alan Pike and Ian Hamilton Fazey



Metropolitan Police in 1961, was a sergeant within four years and went off to fast-track training at the service's Bramshill College. By the age of 30 she was a chief inspector commanding central London's busy Tottenham Court Road police station – the first woman to do the job.

Seven years ago she became an assistant chief constable at Merseyside, taking charge of personnel and training and later moving to the complaints and discipline division.

It was during these years that she showed her concern about the treatment of women in the police service. In 1987 she wrote an article in the journal *Police Review*, accusing the service of resentment and mistrust of women's competence.

Attempts at further advancement failed – she is said to have made nine bids for more senior posts – and last autumn she began her sex discrimination action. This named Mr Sharples, Sir Philip Myers,

the Inspector of Constabulary responsible for the region which includes Merseyside; Northamptonshire police authority, where Ms Halford unsuccessfully sought a promoted post last year, and the Home Secretary.

At about the time of a preliminary industrial tribunal meeting on Ms Halford's sex discrimination case in September a Sunday newspaper published claims about the alleged swimming incident.

Her suspension last month pending possible disciplinary action over alleged neglect of duty, discreditable conduct and falsehood.

If the background to Alison Halford's industrial tribunal case is complex, so are issues of discrimination in police promotion. There are about 14,000 women officers in the 43 English and Welsh forces, compared with 112,000 men.

At the end of 1989 the Home Office urged forces which had not already done so to develop

effective equal opportunities policies to recruit and retain more women and ethnic minority officers. The number of women officers has doubled since the early 1970s but a recent study suggests that the proportion holding ranks above the basic constable position has fallen significantly.

A few forces still have no women in even actively senior ranks. Women are particularly under-represented in the higher levels of specialist branches like criminal investigation departments, and on duties like firearms squads.

When it comes to promotion to chief officer ranks – assistant chief constable and above – the back of the competitive bottle becomes extremely narrow. Each of the 43 forces has a single chief constable and deputy, and with the exception of the big Metropolitan force, usually no more than two or three assistant chiefs – many forces have only one. Greater Manchester has the most with six.

There are only 234 chief officers in England and Wales with, below them, many of the 561 chief superintendents aiming to get into their circle. With so few slots to fill, say senior officers, it is not surprising or sinister that many highly able people fail to make it to the very top.

The appointments system has, however, come in for recent criticism in the light of efforts by the government and police forces to improve managerial efficiency in the service. It was described as "haphazard and amateurish" by the all-party Commons Home Affairs committee.

Critics within the police service see an almost exclusively male, white elite to whom it comes naturally to champion and support colleagues with attitudes and backgrounds like their own.

This can, it is argued, handicap not only women but capable male officers who may not fit established stereotypes. But women are placed at particular disadvantage say critics because, if they are denied access to a fair share of "difficult and dangerous" jobs earlier in their careers, they will be held to have insufficient experience for the highest posts later on.

The Home Office has begun taking increased interest in chief officer appointments as part of efforts to improve police management and efficiency.

Next week's industrial tribunal will focus yet more public attention on Britain's police service at a time when morale has been dented by several exceptionally serious problems, including fabricated evidence and dishonesty by officers.

The tribunal will not help the rebuilding of public confidence. It may, however, help the cause of women and the diminution of discrimination of any sort.

Whether it will help Ms Halford is a matter for conjecture. Her job opportunities within the police force were small enough anyway. In terms of her own career, therefore, whatever the outcome, hers may be a hopeless mission.

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Rural Wales
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would complain," he said, pausing to take a call.

"I'd love to do a deal with you!" he barked into the phone, adding that he was "trying to put a deal together for my new client, the state of Rhode Island."

The cause of the crisis was determined officially by a special investigation to be headed by Mr Vartan Gregorian, president of the local Brown University. But Governor Sundiun has his own independent theory as to what happened: "We had a group of people getting into a financial business for which they had

It sounded like a Rhode Island version of the nationwide savings and loan crisis, where risky lending, lax regulation, corruption and incompetence combined in a lethal mix. "You get the best of the roared government, before anybody else," he said, "before anybody else has more formal poses for the television crews waiting outside."

Some 22 of the 45 closed banks have now qualified for federal deposit insurance after a year of red tape, he said. But he said the government may not be rescued, sold or reorganized, although he pledged to ensure depositors get their money back.

"Well, I'm in a position to hold an auction," said the governor, trying to put a brave face on the crisis. "I always say 'don't panic'—but I think that if you've got a disastri-

Mr John Mellor, a director of the company, is expected to grow the company's market to over 30m in 5m. Mr Nicholas Brett, managing director of Radio Times, is more optimistic. He sees no reason why it should not expand to 10m.

In the meantime they might have to fight on another front. Other companies are already planning to charge for programme information. Reed has already announced proposed charges, ranging from £500 to £250,000 a year depending on circulation. The BBC will unveil its charges early next week.

Reed's plans to impose extra charges on newspapers and magazines when they are already struggling against recession. Regional newspapers, which are dependent on television listings to boost circulation, could face serious problems.

The Association estimates that the total cost to the press could be as high as £100m a year.

The publishers are meeting on Tuesday, under the aegis of their lobbying group, the Television Listings Campaign, to discuss the feasibility of taking legal action against Reed. The BBC and the Radio Times will then discover whether they will face a battle over copyright, as well as in the deregulated listings market.

Mr John Mellor, a director of the company, is expected to grow the company's market to over 30m in 5m. Mr Nicholas Brett, managing director of Radio Times, is more optimistic. He sees no reason why it should not expand to 10m.

In the meantime they might have to fight on another front. Other companies are already planning to charge for programme information. Reed has already announced proposed charges, ranging from £500 to £250,000 a year depending on circulation. The BBC will unveil its charges early next week.

Reed's plans to impose extra charges on newspapers and magazines when they are already struggling against recession. Regional newspapers, which are dependent on television listings to boost circulation, could face serious problems.

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INTEREST TERMS

Minimum balance	Access and other details
Tiered	10.00/9.75/9.50/9.25% inst. acc.
\$2,500	9.25 \$500+, 6.25 \$25+, ATM access
\$25,000	Instmt.
\$100,000	Gross interest available.
\$1.0	28 days mpt/mth. bnt. av.

[illegible]

500	any days after 1st. 100% from 1st.
10,000	Penalty free up to £10k in
10,000	anyone calendar month or
10,000	30 days notice or
10,000	unpaid notice if
10,000	£10k remains.
10,000	Instant access if £15k remains
10,000	No w/pen to balance £10k+
10,000	1 month notice
10,000	1 year fixed rate
10,000	Min. out of £5,000 for these let rates
10,000	Gst. diff. and 2500
10,000	90 d m/pen 1592-9.85 25k+ 10.01 50k+ 10.20 75k+ 10.39
25,000	1 yr term guaranteed 4% diff
25,000	Instant access. No penalty
25,000	Instant access. No penalty
25,000	90 days notice or penalty
25,000	90 days notice or penalty
25,000	4% home

\$25,000	Instant access
\$10,000	Choice of passbook or card
\$5,000	Monthly interest with passbook option only - Rates equal on request
\$1,000	Gifts to non taxpayers
\$25,000	90 days notice/penalty
\$10,000	90 day notice/penalty
\$25,000	Instant access - 10,000 minimum
\$10,000	Instant access - 10,000 minimum
\$500	60 days notice/penalty
\$25,000	Instant access
\$10,000	Instant access
\$5,000	Instant access
\$1,000	Instant access

UK COMPANY NEWS

Move into Europe blamed for fall in US purchases

By Jane Fuller

BRITISH companies' appetite for US acquisitions fell dramatically last year. And the issue of shares accounted for a larger proportion of the purchase price.

A greater interest in moving into continental Europe and a lack of money were advanced as reasons for the decline. J P Mervin, the London-based corporate finance adviser, reveals in a survey that in 1990 the total amount spent acquiring companies in the US fell by 61 per cent from \$2.7bn to \$1.0bn, or \$5.6bn at yesterday's exchange rate. Share issues accounted for \$2.7bn of the considerations, a higher proportion than the previous year.

A total of 195 companies were bought 40 per cent less than the 326 bought in 1989. That year was the first to show a decline since 1983, but the drop was more severe in 1990.

As with the previous year, Mervin points out that UK companies have turned their attention to continental Europe to prepare themselves for the single market. While UK buyers remain the most active of the Europeans, the approach has been to acquire small companies in large numbers. Continental rivals went in for a smaller number of large, strategic purchases.

Ms Elizabeth Wilmut, one of the survey's compilers, said another reason for the fall was that it had become more difficult for UK companies to find the money. Profits had tended to fall and it was not so easy to raise money either by borrowing or the stock exchange.

Currency fluctuations never

	ACQUISITIONS IN US			
	1990 Price(\$m)	1989 Number	1989 Price(\$m)	Number
Natural resources	2,520.5	13	4,641.6	12
Financial and corporate services	1,880.4	15	1,976.0	37
Consumer products and services	1,375.5	10	4,712.2	27
Industrial products	1,287.5	26	797.4	43
Electronics and security hardware	936.2	27	2,545.5	34
Building and building materials	863.1	17	639.9	38
Publishing and information services	501.2	15	1,567.6	23
Retail	500.5	6	562.1	4
Specialty chemicals	470.4	18	807.5	23
Industrial services and distribution	339.9	30	663.8	46
Paper, packaging, printing	186.5	3	557.6	16
Property	140.2	3	313.8	5
Food, beverages and agriculture	101.5	7	1,749.5	15
Medical	25.0	5	6,386.1	3
Total	10,940.4	195	27,009.6	326

seemed to have had much of an influence on purchasing patterns, but worries about the US economy had become a deterrent, she added.

The size of deals also shrank. Top of the pile was the \$1.25bn purchase by Reckitt & Colman, the household products, food and drugs group, of Boyle-Midway. There were only three transactions of more than \$1bn, compared with five, all at more than \$1.5bn, in 1989. Two Hanson acquisitions, the biggest being Peabody, the coal mining concern, ensured that natural resources became the most popular sector with deals totalling \$2.52bn (\$4.64bn). The 1989 leader, consumer products and services, showed one of the sharpest

declines to \$1.38bn (\$4.71bn). The most active companies were MTR, the UK specialist chemicals manufacturer, and Rentokil Group, the environmental services and property care group, which each made six purchases.

Geographically, the south-east overtook the north-east as the most popular area, but all fell back except the south-west.

While the British were drawing in their horns, the Japanese increased their investment with deals totalling \$96m.

A Survey of Acquisitions and Divestments in the United States of America by British Companies in 1990, J P Mervin & Co, 61 Doughty Street, London WC1N 2NE. £200.

Canadian garden tool purchase by Hanson

By David Owen

HANSON, the industrial conglomerate, yesterday moved to expand its interests in the North American garden tool sector with the \$13.7m (£7.1m) acquisition of the Canadian assets of Garant.

Garant is the largest Canadian maker and distributor of non-powered lawn and garden implements and snow shovels. It will become a division of Hanson's existing US-based tool operation.

According to Sir Gordon White, chairman of Hanson Industries, Hanson's US arm, the "bolt-on" deal is intended to "strengthen Ames's position in the entire North American market." Until now, Ames's sales of shovels, pitchforks, garden shears, wheelbarrows and the like have been concentrated mainly in the US.

In the year ended November 30, Garant had estimated sales of \$14.4m and a net profit of \$1.8m. Net asset value at the end of the period was put at \$13.7m.

Hanson, which reported record pre-tax profits of \$1.29bn on turnover of £7.15bn in the year to September 30, classifies Ames alongside Jacuzzi and Kaiser Cement among its US building products businesses. These contributed trading profits of £66m (£75m) and sales of £565m (£644m) to the group's 1990 results.

Hanson said that Ames had improved earnings, in contrast to most other businesses in its building group, "by aggressively marketing new plastic moulded products and reducing costs." The group describes Ames as a "relatively small company" in the context of its US building products division.

A case of poor public relations

Alice Rawsthorn on the Shandwick chief's amended share proposal

IT IS not that I regret my decision," said Mr Peter Gummer. "But I am regretful in the sense that people might think we made a misjudgement."

Mr Gummer, chairman of Shandwick, the world's largest public relations group, has just ended a gruelling week. On Thursday he announced he was changing the terms of his proposed sale of Shandwick shares to an Employee Share Ownership Plan.

Instead of raising £1.8m by selling 2m shares at 90p to the ESOP, as he originally hoped, Mr Gummer has been forced to make an embarrassing rate face and will raise just £851,190 by selling 1.25m shares at 51p to the ESOP and 419,000 shares to his own private pension fund.

The story began at Shandwick's annual general meeting in December when Mr Gummer announced his original proposal to shareholders. The Shandwick board had been considering plans for an ESOP since April as a way of providing equity participation for employees at a time when low share prices had made their share options virtually worthless.

Mr Gummer, the brother of Mr John Gummer, the agriculture minister, needed to raise money to pay capital gains tax on a previous sale of Shandwick shares. At a board meeting held on the morning of the AGM the Shandwick board approved the plan for him to sell shares to the ESOP. Mr Gummer abstained from the vote.

He saw the proposal as a "perfectly reasonable way of incentivising employees". Given that he needed to raise capital the only alternative, he said, would have been placing which would have reduced the propor-



Peter Gummer - no question of a loss of confidence

tion of equity held by management. Unfortunately for Mr Gummer, Shandwick's shareholders saw it differently.

The shareholders, already unnerved by the traumas of other members of the marketing sector, notably Securix & Securix and the WPP Group, interpreted his proposed sale as a loss of confidence in the company.

"I am infuriated by such a suggestion," said Mr Gummer. "I still hold 6 per cent of the equity and am 100 per cent committed to Shandwick. There was no question of a loss of confidence."

The institutions were also annoyed that the ESOP would not be buying shares on the open market. Their reaction was aggravated by concern about Shandwick's annual report which disclosed an 83.5m provision on acquisitions and that it was changing its year end. Such disclosures might have gone unnoticed in the confident stock

market of a few years ago. In the current climate they were interpreted in a negative light.

Shandwick's shares fell sharply from 90p on the day of the AGM to 48p yesterday. By the time Mr Gummer announced his new proposals on Thursday his employees could have bought Shandwick shares more cheaply in the market than under his original plan without forfeiting dividend rights as they would do if they bought through the ESOP.

S.G. Warburg Securities, Shandwick's house broker, was also opposed to the original proposal. It had been involved in the preparation of the ESOP, but was not told about the plan to buy Mr Gummer's shares until the AGM.

Shandwick's lawyers discovered an oversight in the documentation for the deal. The problem could have been solved but Mr Gummer decided to scrap his original plan. "In the light of the way the share price

had performed, I could not have done anything other than rescind the deal," he said. "It is difficult to assess how damaging the debacle has been to Shandwick. The chief concern is the impact on the share price which has almost halved since the AGM mainly because of the reaction to Mr Gummer's original proposals."

A low share price does not pose a practical problem to Shandwick. In that, unlike Securix, it has the option to make its deferred payments on acquisitions in cash rather than shares. But it does affect market perceptions at a time when Mr Gummer is at pains to prove that public relations is withstanding the recession far better than other areas of marketing, such as advertising.

He was adamant that revenues had "shown satisfactory growth" so far this year. Shandwick is experiencing a slow-down in certain areas in the UK and US. However, he said, it "would not shrink from doing whatever is necessary to protect margins." Shandwick recently announced 20 redundancies in London.

Nonetheless, James Capel has just downgraded it. R now predicts pre-tax profits of £22m for the 15 months to October 31, against its initial forecast of £29.5m for the 12 months to July 31. This puts the shares on a prospective price of 3 on its yesterday's share price.

Meanwhile, Mr Gummer has been left to reflect on the irony that the main reason he did not make prior provision to meet his capital gains tax liabilities, was that he believed it was "perfectly reasonable" to expect the shares, then worth around 130p, to go up.

Acorn appoints new chairman

By Alan Cane

MR ETTORE MOREZZI, chief executive of Olivetti Office, the Italian company's office systems division, has been appointed chairman of the UK-based Acorn Computer Group.

The move is believed likely to lead to a closer working relationship between Olivetti, Europe's fourth ranked computer supplier, and Acorn, one of the leading suppliers of computer systems to the UK education market.

Olivetti took a 79 per cent stake in the Cambridge-based company in 1985 after a sharp turn-down in the home computer market left Acorn and other personal computer manufacturers in serious difficulties.

Dr Klaus Fritsch, who has responsibilities for research

and development within Olivetti, and Mr Bruno Soggin, who was appointed Acorn chairman for three years when Olivetti bailed the company out, have also joined the board.

Mr Alessandro Ubaldi de Capeli, Mr Giuseppe Cuneo and Mr Filippo Demonte have resigned from the Acorn board and will pursue other activities within Olivetti.

Mr Sam Wauchope, Acorn managing director, said yesterday that he hoped the new appointments would bring Acorn and Olivetti closer together.

Olivetti Office, with its acceptance of the need to use equipment from other manufacturers, including Japanese photocopiers and facsimile machines, was a more natural

home for Acorn than the Olivetti Systems and Networks division with its emphasis on sales of Olivetti equipment to large customers.

So far, he said, co-operation between the two companies had been patchy; Acorn had carried out an as yet secret contract worth £1.2m for the current year but the relationship had brought little in additional computer sales.

Acorn is a pioneer in a new chip design technology called reduced instruction set computing (RISC) which is likely to play an increasingly important role in the design of personal computers and workstations.

It has agreed to form a joint company with Apple Computer and VLSI of the US to exploit the technology.

Rhode Island crisis fails to affect R Bank of Scotland

By David Lascelles, Banking Editor

The Royal Bank of Scotland said yesterday that the crisis which has hit part of the banking industry in Rhode Island, had not affected its operations in that state.

On Wednesday, the new governor of Rhode Island ordered the closure of more than half of the state's banks because of the collapse of the local deposit insurance fund.

The Royal Bank owns Citizens Bank, the largest state-chartered institution. The bank said that Citizens was not a member of the failed insurance fund, and was still operating normally.

Citizens Bank will be opening its 52 branches statewide today to customers of some of the banks and credit unions which had been closed to enable them to cash federal government and social security cheques, and transact other business.

Mr George Graboyes, Citizens chairman and chief executive, said: "Citizens is prepared to offer these temporary arrangements at the request of the state and federal governments to assure that many individuals without access to their accounts can receive funds which are critical to their day-to-day financial needs."

The Royal Bank bought Citizens for \$440m in 1988. Citizens Bank has recently been sold.

Mr Mais said: "We are now in a position where there is enough rental income to pay the interest bills. In recent months, particularly with high interest rates and one or two unlet properties, income was going out faster than it was coming in."

In the first half of 1990, the group had rental income of £1.4m (£1.3m) and development turnover of £6.3m (£4.5m). The operating profit of £1.5m was more than wiped out by exceptional provisions of £1.9m against development properties and investments in associated companies. The pre-tax loss was £282,000.

Clarke Nickolls further £6m provision

By Jane Fuller

CLARKE, Nickolls & Coombs, the property group which made an interim pre-tax loss following exceptional charges of £1.9m, announced that the property slump cost it a further £6m in the second half of the year.

The share price fell from 42p to 30p on the news. Mr Richard Mais, managing director, said he expected almost all the £6m provisions to be taken above the line in the

accounts being prepared for 1990, which would be released in mid-March.

He added that the group had been restructured to ensure its long-term survival.

The charges included writing down the value of development property which the company was retaining instead of selling, leaving it with little exposure to the development market. A development property

LONDON RECENT ISSUES									
Code	Share Price	Dividend	Yield	1990/91	1989/90	Dividend	Yield	1990/91	1989/90
100	F.P.	100	97	100	97	100	97	100	97
101	F.P.	100	97	100	97	100	97	100	97
102	F.P.	100	97	100	97	100	97	100	97
103	F.P.	100	97	100	97	100	97	100	97
104	F.P.	100	97	100	97	100	97	100	97
105	F.P.	100	97	100	97	100	97	100	97
106	F.P.	100	97	100	97	100	97	100	97
107	F.P.	100	97	100	97	100	97	100	97
108	F.P.	100	97	100	97	100	97	100	97
109	F.P.	100	97	100	97	100	97	100	97
110	F.P.	100	97	100	97	100	97	100	97

FIXED INTEREST STOCKS									
Code	Share Price	Dividend	Yield	1990/91	1989/90	Dividend	Yield	1990/91	1989/90
100	F.P.	100	97	100	97	100	97	100	97
101	F.P.	100	97	100	97	100	97	100	97
102	F.P.	100	97	100	97	100	97	100	97
103	F.P.	100	97	100	97	100	97	100	97
104	F.P.	100	97	100	97	100	97	100	97
105	F.P.	100	97	100	97	100	97	100	97
106	F.P.	100	97	100	97	100	97	100	97
107	F.P.	100	97	100	97	100	97	100	97
108	F.P.	100	97	100	97	100	97	100	97
109	F.P.	100	97	100	97	100	97	100	97

RIGHTS OFFERS									
Code	Share Price	Dividend	Yield	1990/91	1989/90	Dividend	Yield	1990/91	1989/90
100	F.P.	100	97	100	97	100	97	100	97
101	F.P.	100	97	100	97	100	97	100	97
102	F.P.	100	97	100	97	100	97	100	97
103	F.P.	100	97	100	97	100	97	100	97
104	F.P.	100	97	100	97	100	97	100	97
105	F.P.	100	97	100	97	100	97	100	97
106	F.P.	100	97	100	97	100	97	100	97
107	F.P.	100	97	100	97	100	97	100	97
108	F.P.	100	97	100	97	100	97	100	97
109	F.P.	100	97	100	97	100	97	100	97

TRADITIONAL OPTIONS									
Code	Share Price	Dividend	Yield	1990/91	1989/90	Dividend	Yield	1990/91	1989/90
100	F.P.	100	97	100	97	100	97	100	97
101	F.P.	100	97	100	97	100	97	100	97
102	F.P.	100	97	100	97	100	97	100	97
103	F.P.	100	97	100	97	100	97	100	97
104	F.P.	100	97	100	97	100	97	100	97
105	F.P.	100	97	100	97	100	97	100	97
106	F.P.	100	97	100	97	100	97	100	97
107	F.P.	100	97	100	97	100	97	100	97
108	F.P.	100	97	100	97	100	97	100	97
109	F.P.	100	97	100	97	100	97	100	97

BRITISH PETROLEUM's German offshoot, Deutsche BP, has signed co-operation deals with two companies in former communist East Germany. A statement said it had forged agreements with Intrac Handels-Gesellschaft, east Germany's biggest oil and commodity trader, and with Leuna-Werke, once its biggest chemical group. BP said it would invest DM60m (£30.7m) establishing three new companies with its two east German partners, aimed at marketing Leuna's oil products.

BTS GROUP. The offer from Waverley Cameron has been accepted by holders of 12.7m ordinary shares (78.12 per cent) and has been declared unconditional as to acceptances. The offer remains open until further notice.

EUROCOPY has purchased Scientific Office Equipment, a supplier and servicer of photocopyers and facsimile machines, for £2.6m cash. For the year to end-July 1990 Scan-

tec had turnover of \$5.1m and pre-tax profits of \$665,000 before non-recurring expenditure. At year-end net assets amounted to \$347,000.

INTERNATIONAL COMMUNICATIONS & Data: Dawney Day is subscribing for 5m shares for itself and private clients - 12.1 per cent of the enlarged capital - at 80 pence to raise a net £397,000. Dawney will be increasing its stake to 19.3 per cent.

JUPITER EUROPEAN Investment Trust: Net asset value per share amounted to 76.44p at October 31. After tax of £37.70m available revenue for the six months to end-October totalled £75,750, equal to earnings of 1.96p. The trust joined the main market in May 1990.

LEGAL & GENERAL has bought two further groups of estate agents - two branches of Meade and Co and nine branches of William James. All are situated in north and east London and the total purchase price is £325,000.

Losses ease at Robert Lowe

Although losses at Robert H Lowe slowed in the second six months the group still finished the year to end-October with a £1.5m loss. The pre-tax loss compared with previous profits of £1m.

Losses per share worked through at 9.11p (earnings 6.87p) and the directors are proposing to omit the final ordinary dividend following the passing of the interim. Last year shareholders received a total of 1.5p.

Turnover was little changed at £38.5m (£38.2m) but trading

profits fell from £2.28m to £1.41m and interest charges took £583,000 more at £1.86m. The group manufactures sports leisure, baby and children's wear and has interests in printing and packaging.

Below the line there was a tax credit of £151,000 (charge £50,000) and extraordinary income of £713,000 (charge £599,000).

During the year a number of disposals were made as part of the recovery plan. The shares closed 3p lower at 17p.

Further job cuts at Invicta Sound

By Jane Fuller

The recession in advertising has forced further job cuts on Invicta Sound, the USM-owned commercial radio station based in Kent.

The share prices of local radio companies have fallen by between 27 and 71 per cent over the past 12 months as advertising revenues have declined.

ECONOMIC DIARY

TODAY: Foreign ministers of Pakistan, Iran and Turkey meet in Islamabad for talks on regional co-operation.

TOMORROW: Mr John Major, prime minister, visits the Gulf (until January 9). Presidential run-off election in Guatemala.

MONDAY: Credit business (November). Retail sales (November-final). London and Scottish banks quarterly analysis of lending (September-November). London sterling certificates of deposit (November). Monetary statistics (including bank and building society balance sheets in November). Bill turnover statistics (November). Sterling commercial paper (November). Talks resume in Bonn on the formation of German Chancellor Helmut Kohl's new coalition. European Community Commission meets Luxembourg government to discuss programme for the presidency. Parliamentary conference in Helsinki on co-operation in the Baltic Sea area (until January 9). The personal bankruptcy application by BW and Lehman Brothers against Mr Asil Nadir resumes.

TUESDAY: Personal income, expenditure and saving (third quarter). Industrial and commercial companies (third quarter). European Community holds inter-governmental conference on political union in Brussels. Supreme Soviet opens new session. Sudan will inaugurate its second seaport at Swakin on the Red Sea.

WEDNESDAY: Overseas travel and tourism (October). Advance energy statistics. Comecon, the one-time all-Communist trading organisation, holds two-day meeting in Sofia.

THURSDAY: Housing starts and completions (November). Central American presidents hold two-day meeting in Mexico with Mr Carlos Salinas, Mexico's president. By-elections in 10 Pakistani National Assembly seats. The Swedish government presents its budget for fiscal year 1991/92.

FRIDAY: Usable steel production (December). US producer price index for December. Mr Douglas Hurd, foreign secretary, begins tour of Bahrain, Qatar, United Arab Emirates, Jordan and Turkey.

FT-ACTUARIES SHARE INDICES

The Financial Times Ltd 1990. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries									
EQUITY GROUPS									
Friday January 4 1991									
Figures in parentheses show number of stocks per section									
Index	Day's Change	Est. Yield (%)	Gross Yield (%)	Est. P/E Ratio	Index	Day's Change	Est. Yield (%)	Gross Yield (%)	Est. P/E Ratio
1 CAPITAL GOODS (188)	709.96	+0.3	14.96	6.70	8.16	0.00	707.77	715.03	955.25
2 Building Materials (25)	949.10	+1.0	14.85	6.30	8.29	0.00	949.09	955.66	1171.02
3 Chemicals (10)	1111.51	-0.5	16.56	7.00	7.85	0.00	1117.59	1130.90	1612.87
4 Electricals (10)	1902.98	+1.5	14.77	7.01	8.28	0.00	1874.01	1881.83	1882.35
5 Electronics (26)	1520.59	+0.8	10.53	5.66	12.65	0.00	1508.26	1512.38	1518.10
6 Engineering-Aerospace (6)	397.24	+0.4	16.90	6.15	7.09	0.00	395.75	396.88	398.60
7 Engineering-General (47)	362.72	+0.1	16.10	7.07	7.49	0.00	362.30	364.09	365.48
8 Metals and Metal Forming (6)	399.53	+0.1	22.81	8.61	5.40	0.00	399.06	400.85	403.78
9 Motors (13)	288.40	-0.4	17.30	8.34	6.74	0.00	289.58	294.18	296.64
10 Other Industrial Materials (20)	1215.75	-0.3	13.82	6.68	6.36	0.00	1218.92	1229.21	1243.92
11 CONSUMER GROUP (181)	2129.20	+0.4	10.06	4.28	12.33	0.00	2124.21	2128.31	2132.80
12 Brewers and Distillers (22)	1591.30	+1.0	10.24	3.91	12.03	0.00	1575.73	1578.67	1583.71
13 Food Manufacturing (20)	1035.62	+0.7	11.15	4.79	11.07	0.00	1028.45	1029.59	1033.01
14 Food Retailing (16)	2293.39	+1.2	9.83	3.28	13.28	0.00	2286.45	2289.59	2293.01
15 Health and Household (20)	2496.85	-0.9	7.22	3.06	16.43	0.00	2518.70	2522.79	2526.87
16 Hotels and Leisure (22)	1204.52	+0.7	11.37	5.65	10.19	0.00	1195.72	1204.21	1208.61
17 Media (25)	1215.65	+0.1	12.30	5.59	10.23	0.00	1214.20	1219.04	1228.68
18 Packaging & Paper (11)	516.89	+0.1	10.27	6.64	11.95	0.00	517.30	518.01	523.99
19 Stores (34)	780.94	+0.2	10.32	4.81	11.92	0.00	774.85	781.60	786.01
20 Textiles (11)	780.94	+0.5	14.29	8.65	9.77	0.00	780.10	781.60	786.01
21 OTHER GROUPS (113)	997.35	+0.7	12.85	5.99	9.41	0.00	990.20	992.11	995.65
22 Business Services (12)	1001.87	+0.2	12.50	5.38	9.52	0.00	999.40	998.51	999.65
23 Chemicals (22)	1036.70	+1.2	13.60	6.83	8.68	0.00	1028.19	1027.58	1035.96
24 Consumer Goods (11)	1236.12	+0.5	13.94	8.22	8.58	0.00	1232.99	1236.86	1240.48
25 Transport (15)	1387.62	+0.7	13.74	8.22	8.58	0.00	1376.31	1382.54	1391.42
26 Electricity (12)	1006.79	+0.3	12.32	7.03	9.79	0.00	997.70	1000.17	1004.55
27 Telephone Networks (3)	1143.55	+0.8	11.70	4.42	11.12	0.00	1134.19	1138.40	1142.61
28 Water (10)	2192.83	+0.4	14.29	6.39	7.90	0.00	2184.42	2188.91	2193.40
29 Miscellaneous (26)	1516.10	+0.8	12.88	8.33	9.55	0.00	1502.91	1504.12	1507.84
30 INDUSTRIAL GROUP (48)	1026.49	+0.5	11.56	5.32	10.24	0.00	1021.32	1025.98	1030.82
31 ALL-SHARE INDEX (647)	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
32 FT-SE 100 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
33 FT-SE 250 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
34 FT-SE 350 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
35 FT-SE 450 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
36 FT-SE 550 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
37 FT-SE 650 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
38 FT-SE 750 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
39 FT-SE 850 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
40 FT-SE 950 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
41 FT-SE 1050 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
42 FT-SE 1150 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
43 FT-SE 1250 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
44 FT-SE 1350 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
45 FT-SE 1450 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
46 FT-SE 1550 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
47 FT-SE 1650 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
48 FT-SE 1750 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
49 FT-SE 1850 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
50 FT-SE 1950 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
51 FT-SE 2050 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
52 FT-SE 2150 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
53 FT-SE 2250 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
54 FT-SE 2350 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
55 FT-SE 2450 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
56 FT-SE 2550 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
57 FT-SE 2650 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
58 FT-SE 2750 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
59 FT-SE 2850 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
60 FT-SE 2950 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
61 FT-SE 3050 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
62 FT-SE 3150 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
63 FT-SE 3250 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
64 FT-SE 3350 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
65 FT-SE 3450 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
66 FT-SE 3550 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
67 FT-SE 3650 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
68 FT-SE 3750 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
69 FT-SE 3850 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
70 FT-SE 3950 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
71 FT-SE 4050 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
72 FT-SE 4150 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
73 FT-SE 4250 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
74 FT-SE 4350 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
75 FT-SE 4450 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
76 FT-SE 4550 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
77 FT-SE 4650 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
78 FT-SE 4750 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
79 FT-SE 4850 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
80 FT-SE 4950 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
81 FT-SE 5050 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
82 FT-SE 5150 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
83 FT-SE 5250 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
84 FT-SE 5350 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
85 FT-SE 5450 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
86 FT-SE 5550 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
87 FT-SE 5650 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
88 FT-SE 5750 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
89 FT-SE 5850 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
90 FT-SE 5950 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
91 FT-SE 6050 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
92 FT-SE 6150 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
93 FT-SE 6250 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
94 FT-SE 6350 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
95 FT-SE 6450 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
96 FT-SE 6550 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
97 FT-SE 6650 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
98 FT-SE 6750 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21
99 FT-SE 6850 SHARE INDEX	2126.1	+0.3	9.95	5.67	13.13	0.00	2121.01	2125.11	2129.21</

INTERNATIONAL COMPANIES AND FINANCE

Credit losses may reach Nkr3.8bn at DnB

By Karen Fosell in Oslo

DEN NORSEKE BANK (DnB), Norway's biggest bank, yesterday forecast a net loss in 1990 and said that provisions for identified and estimated credit losses may reach Nkr3.8bn (Nkr1,000m) above the comparable figure for 1989.

DnB is the latest casualty in Norway's troubled banking sector to be hit hard by rising credit losses. A few days before Christmas, Christiania, Norway's second biggest bank, reported record credit losses in 1990 of Nkr2.65bn.

Separately, Fokus Bank, the country's third biggest bank, forecast net losses of Nkr600m in 1990 due to a Nkr390m loss on loans and guarantees. Fokus was forced to seek a three-year conditional guarantee of Nkr1.5bn from the commercial banks' Guarantee Fund and to write down its share capital by 50 per cent.

Norway's banks have been in a downward spiral for the last four years due to a deterioration in the country's old-dependent economy which started in 1986 when world crude oil prices plunged to below dollars 10 a barrel. This sent consumer demand into a precipitous decline from an 8

per cent growth rate in volume in 1986 to a negative growth rate of 3 per cent by 1989.

Mr Egil Gade Greve, DnB's president, said that a deterioration in two major commercial loans in the last two months of 1990 had caused the loss.

SVENSKA Handelsbanken, one of Sweden's leading commercial banks, wants to acquire the small Stavanger bank in Norway for Nkr120m, writes Robert Taylor in Stockholm. The board of Stavanger bank and shareholders accounting for around 65 per cent of the equity are recommending the purchase, which has to be approved by the Norwegian authorities.

Shareholders are being offered Nkr120 a share compared with a market valuation of Nkr60.

1990 added significantly to credit losses in Norway and abroad. A decline in the value of collateral for loans - a big drop in domestic property values had exacerbated the weakness - caused by huge credit losses, he said.

In the first eight months of 1990, DnB suffered a net loss of

Nkr544m compared with a net profit of Nkr119m a year earlier.

DnB was formed a year ago out of a merger between Bergen bank and Den norske Kreditbank (DnK). The two banks suffered combined credit losses of Nkr3.23bn in 1989 and Nkr2.99bn in 1988. DnB reduced staff by nearly 1,000 last year and plans a further 300 job losses this year.

Mr Gade Greve said DnB intends to file an application for up to Nkr1.5bn in funds from the Guarantee Fund, which would qualify as preferential share capital.

Meanwhile, Mr Sverre Rostoft, president of Christiania, said that bank intends to reduce staff by 12 per cent - 600 - this year and will close 13 branch offices and two regional branches. These measures are intended to reduce operating costs by Nkr400m annually.

The bank also intends to seek between Nkr500m and Nkr1bn in preference share capital from the Guarantee Fund to help it meet the Bank of International Settlements' capital adequacy requirements by 1992.

DAF slides to Fl150m deficit in year

By Kevin Done, Motor Industry Correspondent

DAF, the Dutch commercial vehicle maker which is 16 per cent owned by British Aerospace, plunged into a net loss of Fl150m (E46.2m) last year in the face of the steep recession in the UK truck market.

The loss followed a record net profit of Fl172m a year earlier, according to preliminary figures released yesterday.

DAF warned that it would face additional provisions for restructuring costs in 1991 and said that there were "no signs yet of an improvement in trading conditions."

It has already cut its workforce from 16,782 in 1989 to 15,400 by the end of 1990, but Mr Aar van der Padt, chairman of the DAF management board, said that the "painful" restructuring process of reducing the workforce would be continued in 1991.

Hitherto, the bulk of the job cuts have been made at the plants of Leyland DAF, the group's UK subsidiary, but DAF is now planning to cut its Dutch workforce by 700.

Its UK truck and van assembly plants at Leyland and Birmingham have been forced to extend the Christmas/new year shutdown until further notice at reduced line rates.

Mr van der Padt warned that "the activity level must be kept in line with market demand."

DAF said that the loss last year was "a direct consequence of a collapse in the UK truck market. 'No company can be unaffected by a collapse of over 30 per cent in one year in its major market,' Mr van der Padt said.

He added: "1990 was undoubtedly the worst single year in the history of the commercial vehicle industry. In particular, the situation in the UK - with high interest rates and inflation and before 1990 the destination for about 40 per cent of DAF's worldwide sales - hit our company."

The British truck market had fallen with "unprecedented rapidity" to a level of 1970, he said.

DAF truck production last year slumped to about 30,000 from 36,200 in 1989, while van output was slightly higher at 24,500 compared with 23,616.

Total vehicle deliveries fell by nearly 5,000 to 53,785 from 58,660 in 1989.

In Germany, DAF said demand remained strong, with sales increasing by 3,287 from 863 a year earlier, and it had increased its dealer network from 48 to 142.

NTT squares up to a global test

Alan Cane on the challenges facing the world's largest company

THE next five years are critical for Nippon Telegraph and Telephone, the world's largest company.

The company has to prove it can compete efficiently in Japan's newly liberalised telecommunications environment if the government is not to break it up; it must improve the quality of its service at home if it is to satisfy subscribers; and it may take its first competitive steps abroad.

Responsibility for managing these far-reaching changes lies with the company's new chief executive, Mr Masashi Kojima, appointed last summer.

The sorry state of NTT's share price, down to about Yim at the end of last year compared with a high of Y3,150 in 1987, is one indicator of the scale of its task.

NTT's difficulties mainly stem from its years as monopoly provider of telecommunications services in Japan, which have left it overmanned and unresponsive to its customers.

Since the privatisation in 1985, and the growing liberalisation of the Japanese telecommunications market, it has had to face competition from new common carriers on its lucrative long-distance routes coupled with a powerful need to invest heavily to modernise its equipment and network.

The effects are evident in its results. Interim pre-tax profits, announced in November, at Y154.9bn (E16.6bn) were 24 per cent down on the corresponding period in 1989, despite a slight rise in sales. It has now, however, had a partial reprieve from government plans to improve its competitiveness by breaking it into separate parts in the same way that American Telephone and Telephone (AT&T) was dismantled in the early 1980s. The status quo will be maintained for five years, after which it will be reviewed.

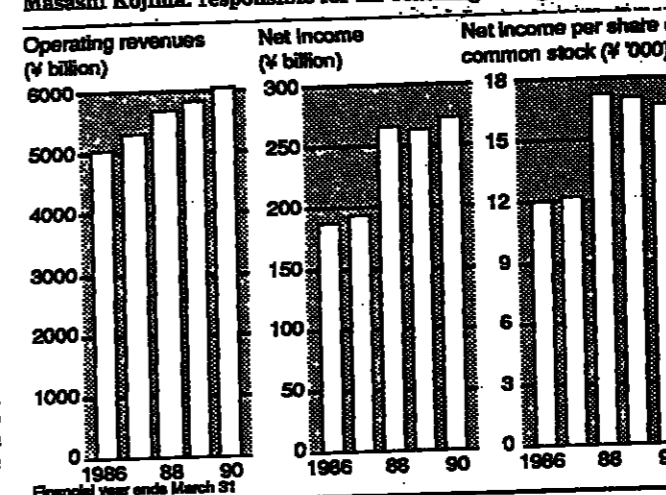
NTT was embarrassed, furthermore, by a heavy fine and suspended jail sentence imposed last year on Mr Eishi Shinto, its former chairman, for his role in the 1988 Recruit scandal. The company held the position of chairman of corporate reform. Mr Haruo Yamaguchi was appointed to the post in the middle of 1990.

Mr Kojima, his successor as president and chief executive, was formerly senior executive vice-president. Born in 1931, Mr Kojima has been with NTT since 1953 in a variety of roles, including periods as director-general of the Tokyo Telecommunications Bureau and director-general of the company's personnel office.

Despite his long apprenticeship in the state ways of traditional telecommunications organisations, Mr Kojima is very much the modern, market-driven executive. He has a healthy suspicion of monopolies and a powerful belief in



Masashi Kojima: responsible for far-reaching changes



the value of competition to rejuvenate overworked, underperforming organisations.

His appointment would also seem to signal the beginning of a more cordial and constructive relationship both with the Japanese ministry of posts and telecommunications and with NTT's new competitors.

Competition has been good both for NTT and its customers, he argues.

Staff numbers have been cut and more reductions are expected. The company had 276,000 employees in 1989 and Mr Kojima hopes to reduce that to 230,000. He believes there are limits to the economies and efficiencies that can be made and he expects to reach that limit in about three years.

It will mean, he says, discussions with the ministry of posts and telecommunications and with NTT's new competitors about its future.

This willingness to talk to regulators and competitors

about NTT's place in Japan's telecommunications business represents a significant thawing in a wintry relationship which reached its nadir with the plan to break the company into 11 local suppliers and one long-distance carrier to stimulate competition.

At the end of its period of grace, might NTT still be broken up? Mr Kojima thinks not, arguing that in five years conditions in the industry that will have changed significantly. "Competition has become extremely fierce and in five years' time it will be even fiercer," he said. "I believe the market will be satisfied with the competitive position then."

He is already concerned that the regulations under which NTT is currently operating are hurting its profitability, pointing out that NTT has to offer comprehensive services - sometimes at a loss - while

competitors are free to mount their challenge in the more profitable areas.

He rejects concerns that NTT could court its new competitors by denying them access to its network.

Since privatisation, he says, the cost of connection to NTT's network has been shared between NTT and the competitor; now that practice was affecting profitability. "In the US, there are access charges," he says, "but we cannot do that. I would like to see new rules established in consultation with the government that would introduce a new kind of access charge or fee system. I would like to see one kind of providing comprehensive services reflected more fairly in the charge."

There are, of course, well-recognised ways of ensuring that large organisations such as NTT cannot abuse their dominant position to the detriment of their competitors by cross-subsidising services. Mr Kojima is an enthusiastic supporter of accounting techniques which would treat individual divisions within the corporation as separate businesses and on the same terms as competing businesses.

He warns, however, that the government should ensure that the total charges meet the cost of the services provided - and that could mean an increase in charges in, for example, NTT's telegrams division, which runs at a loss.

Mr Kojima foresees further reductions, however, in the cost of the profitable areas, including long-distance services. At the end of last year, the corporation announced cuts of between seven and 14 per cent in the cost of long-distance calls.

Mr Kojima's energies are currently directed towards improving NTT's performance within Japan, but in the long term he would like to see the company operating on an international basis.

Mr Kojima emphasises that no specific international strategy has been drawn up for two reasons. First, government doubts about NTT's spread of its wings abroad at present, second, the scale of the resources - about Y100bn in investment capital and some 50,000 technicians with a foreign language skills - that would be needed.

He thinks, however, that in two years' time, the company will be ready to make investments overseas with the aim of offering integrated telecommunications services to Japanese companies operating abroad.

His preferred strategy for international expansion would be to establish a company and a network in a country with a comparatively backward telecommunications infrastructure and work with the local regulators to build the infrastructure and the service.

BNE expects big fall into red

By Nikki Tait in New York

BANK of New England, the 35th largest bank holding company in the US which has been beset by severe financial problems, said yesterday that it expected to post a loss of up to \$450m in the fourth quarter of 1990.

It maintained that the loss stemmed from two factors: fourth-quarter charge-offs totalling about \$275m and resultant provisions for credit losses, plus a continuing deficit on the operating front. The latter is blamed partly on the high carrying costs associated with non-performing assets.

The bank added that it will not know the precise size of

the fourth-quarter loss until it determines the scale of the provision for possible credit losses.

However, it did say that it expects an increase of around \$500m in the level of non-performing assets for the final three months.

At the end of the third quarter, non-performing assets stood at \$2.8bn. This figure had almost tripled over the past year.

Part of Bank of New England's problems stem from its exposure to the shaky east coast economy and the troubled property market.

The company's chairman, Mr

Lawrence Fish, acknowledged yesterday that "clearly, the significant deterioration in the New England real estate markets and in the company's loan portfolio is having a substantial adverse effect upon our recovery efforts."

However, he said that the bank was still talking to federal regulators and investors about the possibility of recapitalising the company. He also claimed that monthly operating costs had been cut by \$17m since the beginning of 1990.

Bank of New England shares were down 3/4 to 3/8 before the close in New York yesterday.

Banco Del Gottardo earnings down 10%

BANCA DEL Gottardo, the medium-sized Swiss bank in which Sumitomo Bank of Japan holds 53 per cent of the voting stock, yesterday posted a 10 per cent fall in consolidated net earnings to Sfr57m (\$40.3m) in 1990, from Sfr57.7m a year earlier, writes William Dullforce in Geneva. It plans to pay an unchanged dividend of Sfr20 per share and participation certificate.

The Lugano-based bank said the results were "more than satisfactory" for a year marked by radical change at both international and domestic levels.

Banesto stake bid fails

BANESTO, the Spanish banking and industrial group, has failed in an attempt to double its holding in Carburios Metalicos, the big ferro-alloy and industrial gas producer, writes Tom Burns in Madrid.

Banesto had acquired only an additional 0.9 per cent of Carburios stock when the offer closed yesterday instead of the 25 per cent it aimed for when it launched its Pta14.8bn (\$187m) bid at the beginning of November. Banesto is calculated to have paid out some Pta2.3bn for the new shares.

Some 30 per cent of the gas

group is traded on the Madrid stock market.

Carburios' share price had stood at Pta3,300 at the beginning of last year and it had dropped to Pta3,905 when Banesto announced its Pta4,500-a-share bid and forced the suspension of trading in the company two months ago.

The bid brings Banesto's equity in the company to close on 30 per cent. A further 7.5 per cent of Carburios stock is owned by Heathmoore, an offshore investment company which is believed to be closely linked to the bank.

WEEKLY PRICE CHANGES	Latest prices	Change on week	High 1990	Low 1990
Gold per troy oz.	\$387.50	+1.05	\$404.75	\$345.75
Silver per troy oz.	216.10p	+1.10	223.50p	204.15p
Aluminium 99.7% (cash)	\$1592.0	+33.5	\$1628.5	\$1580.0
Copper 99.9% (cash)	\$1332.5	+15.5	\$1351.0	\$1315.0
Lead (cash)	\$1181.5	+5.5	\$1205.0	\$1170.0
Nickel (US Producer)	\$8762.5	+472.5	\$9087.5	\$8287.5
Zinc SHG (cash)	\$1284	+105	\$1380	\$1179
Tin (cash)	\$3710	+12	\$3839	\$3597
Cocoa Futures (May)	\$278	+14	\$292.0	\$264.0
Coffee Futures (Mar)	\$118.00	-0.20	\$119.30	\$117.40
Sugar (LDP Raw)	\$123.00	-0.15	\$124.75	\$121.25
Wheat Futures (Mar)	\$4.14p	+0.02	\$4.16p	\$4.12p
Cotton Outlook A Index	414p	N/C	573p	399p
Oil (Brent Blend)	\$23.875w	-2.875	\$21.55	\$36.175

Per tonne unless otherwise stated. Unquoted, p-pence/lb, c-cents/lb, w-Feb/March.

LONDON MARKETS

SPOT MARKETS	Latest prices	Change on week	High 1990	Low 1990
Crude oil (per barrel FOB)	21.00	-0.05	21.00	21.00
Dated	\$15.00-0.15	-0.05	\$15.00	\$15.00
Brent Blend (dated)	\$23.85-0.05	-0.05	\$23.85	\$23.85
Brent Blend (February)	\$23.85-0.05	-0.05	\$23.85	\$23.85
WTI (1st Jan)	\$24.40-0.20	-0.20	\$24.40	\$24.40
Oil products				
Gas (per troy oz)	\$387.50	+1.05	\$404.75	\$345.75
Silver (per troy oz)	216.10p	+1.10	223.50p	204.15p
Aluminium (per troy oz)	\$1592.0	+33.5	\$1628.5	\$1580.0
Copper (per troy oz)	\$1332.5	+15.5	\$1351.0	\$1315.0
Lead (per troy oz)	\$1181.5	+5.5	\$1205.0	\$1170.0
Nickel (US Producer)	\$8762.5	+472.5	\$9087.5	\$8287.5
Zinc SHG (per troy oz)	\$1284	+105	\$1380	\$1179
Tin (per troy oz)	\$3710	+12	\$3839	\$3597
Cocoa Futures (May)	\$278	+14	\$292.0	\$264.0
Coffee Futures (Mar)	\$118.00	-0.20	\$119.30	\$117.40
Sugar (LDP Raw)	\$123.00	-0.15	\$124.75	\$121.25
Wheat Futures (Mar)	\$4.14p	+0.02	\$4.16p	\$4.12p
Cotton Outlook A Index	414p	N/C	573p	399p
Oil (Brent Blend)	\$23.875w	-2.875	\$21.55	\$36.175

COCOA - London FOM	Close	Previous	High/Low	C/tone
Mar	650	648	650/648	
May	650	648	650/648	
Jul	700	700	700/700	
Sep	740	740	740/740	
Nov	780	780	780/780	
Dec	780	780	780/780	

Turnover: 2705 (2310) lots of 10 tonnes.
ICO indicator price (SFRs per tonne). Daily price for Jan 3 855.50 (855.75) 10 day average for Jan 4 877.85 (881.63).

COFFEE - London FOM	Close	Previous	High/Low	C/tone
Jan	620	610	610/620	
Mar	620	610	610/620	
May	680	680	680/680	
Jul	680	680	680/680	
Sep	610	610	610/610	
Nov	620	620	620/620	

Turnover: 1937 (871) lots of 5 tonnes.
ICO indicator price (US cents per pound) for Jan 2: Comp. daily 71.02 (70.27). 15 day average 72.45 (72.98).

POTATOES - SFE	Close	Previous	High/Low	C/tone
Feb	80.0	80.0	80.0/80.0	
Apr	120.0	120.0	120.0/120.0	
May	147.0	147.0	147.0/147.0	
Sep	147.0	147.0	147.0/147.0	

Turnover 110 (165) lots of 40 tonnes.

SOYABEANS - ME-PRO	Close	Previous	High/Low	C/tone
Jan	118.00	118.00	118.00/118.00	
Mar	118.00	118.00	118.00/118.00	
May	118.00	118.00	118.00/118.00	
Sep	118.00	118.00	118.00/118.00	

Turnover 50 (65) lots of 20 tonnes.

FREIGHT FUTURES - SFE	Close	Previous	High/Low	\$/Index point
Jan	1420	1405	1425/1400	
Feb	1390	1370	1395/1370	
Mar	1390	1390	1390/1390	
Apr	1436	1446	1436/1436	

LONDON RENTAL EXCHANGE	Close	Previous	High/Low	AM Official	Kern	Open
Aluminium, 99.7% purity (5 per tonne)	1581-3	1577-0	1585	1584/1581	1589-0	
Cash	1581-3	1577-0	1585	1584/1581	1589-0	
3 months	1581-3	1577-0	1585	1584/1581	1589-0	
Copper, Grade A (5 per tonne)	1323-5	1324-7	1324/1322	1322-5	1324-5	
Cash	1323-5	1324-7	1324/1322	1322-5	1324-5	
3 months	1323-5	1324-7	1324/1322	1322-5	1324-5	
Lead (5 per tonne)	316-7	315-6	316-7	315-6	316-7	
Cash	316-7	315-6	316-7	315-6	316-7	
3 months	316-7	315-6	316-7	315-6	316-7	
Nickel (5 per tonne)	8750-75	8750-75	8750-75	8750-75	8750-75	
Cash	8750-75	8750-75	8750-75	8750-75	8750-75	
3 months	8750-75	8750-75	8750-75	8750-75	8750-75	
Tin (5 per tonne)	5710-30	5690-70	5690-70	5690-70	5690-70	
Cash	5710-30	5690-70	5690-70	5690-70	5690-70	
3 months	5710-30	5690-70	5690-70	5690-70	5690-70	
Zinc, Special High Grade (5 per tonne)	1263-5	1263-5	1263-5	1263-5	1263-5	
Cash	1263-5	1263-5	1263-5	1263-5	1263-5	
3 months	1263-5	1263-5	1263-5	1263-5	1263-5	
LME Closing 2/8 rate:	1.9320	1.9320	1.9320	1.9320	1.9320	
SPOT: 1.9320	1.9320	1.9320	1.9320	1.9320	1.9320	

Turnover: 2705 (2310) lots of 10 tonnes.
ICO indicator price (SFRs per tonne). Daily price for Jan 3 855.50 (855.75) 10 day average for Jan 4 877.85 (881.63).

COFFEE - London FOM	Close	Previous	High/Low	C/tone
Jan	620	610	610/620	
Mar	620	610	610/620	
May	680	680	680/680	
Jul	680	680	680/680	
Sep	610	610	610/610	
Nov	620	620	620/620	

Turnover: 1937 (871) lots of 5 tonnes.
ICO indicator price (US cents per pound) for Jan 2: Comp. daily 71.02 (70.27). 15 day average 72.45 (72.98).

POTATOES - SFE	Close	Previous	High/Low	C/tone
Feb	80.0	80.0	80.0/80.0	
Apr	120.0	120.0	120.0/120.0	
May	147.0	147.0	147.0/147.0	
Sep	147.0	147.0	147.0/147.0	

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar up despite poor data

THE DOLLAR improved against the D-Mark and the Japanese yen yesterday despite a record fall in US factory orders and a rise in unemployment to the highest level for 2½ years. It was generally firm, but finished in London a little below Mr. Day's peaks on news that Mr. Day, Iraqi foreign minister, would talk in Switzerland on Wednesday with Mr. James Baker, US secretary of state. The threat of war in the Gulf continued to underpin the dollar, helping it shrug off news that US factory orders fell a record 5.9 per cent in November. US unemployment rose in December to 6.1 from 5.9 per cent, but the fall of 76,000 in non-farm payrolls was smaller than expected and less than the November drop of 239,000. At the London close the dollar had advanced to DM1.5060 from DM1.4925, to ¥135.10 from ¥133.00, to FFf.1100 from FFf.0700, and to SFf.12755 from SFf.12665.

£ IN NEW YORK

Jan 4	Latest	Previous
1 month	1.945-1.975	1.940-1.970
3 months	1.910-1.940	1.905-1.935
6 months	1.875-1.905	1.870-1.900
12 months	1.840-1.870	1.835-1.865

STERLING INDEX

Jan 4	Latest	Previous
3.00	94.2	93.8
4.00	94.2	93.8
5.00	94.2	93.8
6.00	94.2	93.8
7.00	94.2	93.8
8.00	94.2	93.8
9.00	94.2	93.8
10.00	94.2	93.8
11.00	94.2	93.8
12.00	94.2	93.8

CURRENCY RATES

Jan 4	Rate	Special	European
US dollar	1.5060	1.5060	1.5060
UK sterling	0.7500	0.7500	0.7500
West Germany	2.3060	2.3060	2.3060
France	6.5596	6.5596	6.5596
Italy	1.3660	1.3660	1.3660
Spain	166.64	166.64	166.64
Japan	135.10	135.10	135.10
Switzerland	1.4836	1.4836	1.4836
Belgium	36.36	36.36	36.36
Netherlands	2.2037	2.2037	2.2037
Australia	1.5478	1.5478	1.5478
New Zealand	1.2740	1.2740	1.2740
South Africa	1.5000	1.5000	1.5000
Canada	0.7100	0.7100	0.7100
South Korea	170.00	170.00	170.00
Hong Kong	7.7500	7.7500	7.7500
Taiwan	24.5000	24.5000	24.5000
Singapore	1.3600	1.3600	1.3600
Malaysia	2.3360	2.3360	2.3360
Indonesia	1540.00	1540.00	1540.00
Philippines	48.0000	48.0000	48.0000
Thailand	50.0000	50.0000	50.0000
Brazil	200.0000	200.0000	200.0000
Argentina	166.6400	166.6400	166.6400
Chile	800.0000	800.0000	800.0000
Colombia	2000.0000	2000.0000	2000.0000
Costa Rica	500.0000	500.0000	500.0000
Cuba	24.0000	24.0000	24.0000
Dominican Republic	20.0000	20.0000	20.0000
Ecuador	25.0000	25.0000	25.0000
El Salvador	20.0000	20.0000	20.0000
Guatemala	20.0000	20.0000	20.0000
Honduras	20.0000	20.0000	20.0000
Nicaragua	20.0000	20.0000	20.0000
Panama	20.0000	20.0000	20.0000
Paraguay	20.0000	20.0000	20.0000
Peru	33.3333	33.3333	33.3333
Puerto Rico	20.0000	20.0000	20.0000
Uruguay	20.0000	20.0000	20.0000
Venezuela	20.0000	20.0000	20.0000

CURRENCY MOVEMENTS

Jan 4	Bank of England	Change %
US dollar	1.5060	+0.1
UK sterling	0.7500	-0.1
West Germany	2.3060	+0.1
France	6.5596	+0.1
Italy	1.3660	+0.1
Spain	166.64	+0.1
Japan	135.10	+0.1
Switzerland	1.4836	+0.1
Belgium	36.36	+0.1
Netherlands	2.2037	+0.1
Australia	1.5478	+0.1
New Zealand	1.2740	+0.1
South Africa	1.5000	+0.1
Canada	0.7100	+0.1
South Korea	170.00	+0.1
Hong Kong	7.7500	+0.1
Taiwan	24.5000	+0.1
Singapore	1.3600	+0.1
Malaysia	2.3360	+0.1
Indonesia	1540.00	+0.1
Philippines	48.0000	+0.1
Thailand	50.0000	+0.1
Brazil	200.0000	+0.1
Argentina	166.6400	+0.1
Chile	800.0000	+0.1
Colombia	2000.0000	+0.1
Costa Rica	500.0000	+0.1
Cuba	24.0000	+0.1
Dominican Republic	20.0000	+0.1
Ecuador	25.0000	+0.1
El Salvador	20.0000	+0.1
Guatemala	20.0000	+0.1
Honduras	20.0000	+0.1
Nicaragua	20.0000	+0.1
Panama	20.0000	+0.1
Paraguay	20.0000	+0.1
Peru	33.3333	+0.1
Puerto Rico	20.0000	+0.1
Uruguay	20.0000	+0.1
Venezuela	20.0000	+0.1

OTHER CURRENCIES

Jan 4	£	\$
Argentina	166.64	166.64
Australia	1.5478	1.5478
Canada	0.7100	0.7100
Denmark	6.4656	6.4656
France	6.5596	6.5596
Germany	2.3060	2.3060
Greece	340.7500	340.7500
Hong Kong	7.7500	7.7500
India	47.8333	47.8333
Indonesia	1540.00	1540.00
Italy	1.3660	1.3660
Japan	135.10	135.10
Korea	170.00	170.00
Malaysia	2.3360	2.3360
Mexico	16.6667	16.6667
Netherlands	2.2037	2.2037
New Zealand	1.2740	1.2740
Norway	4.7556	4.7556
Philippines	48.0000	48.0000
Poland	4.0000	4.0000
Portugal	200.0000	200.0000
Romania	166.6400	166.6400
South Africa	1.5000	1.5000
South Korea	170.00	170.00
Spain	166.64	166.64
Sweden	4.6633	4.6633
Switzerland	1.4836	1.4836
Taiwan	24.5000	24.5000
Thailand	50.0000	50.0000
UK sterling	0.7500	0.7500
USA dollar	1.5060	1.5060
Venezuela	20.0000	20.0000

FOREIGN RATES

Jan 4	1 month	3 months	6 months	12 months
US dollar	1.5060	1.5060	1.5060	1.5060
UK sterling	0.7500	0.7500	0.7500	0.7500
West Germany	2.3060	2.3060	2.3060	2.3060
France	6.5596	6.5596	6.5596	6.5596
Italy	1.3660	1.3660	1.3660	1.3660
Spain	166.64	166.64	166.64	166.64
Japan	135.10	135.10	135.10	135.10
Switzerland	1.4836	1.4836	1.4836	1.4836
Belgium	36.36	36.36	36.36	36.36
Netherlands	2.2037	2.2037	2.2037	2.2037
Australia	1.5478	1.5478	1.5478	1.5478
New Zealand	1.2740	1.2740	1.2740	1.2740
South Africa	1.5000	1.5000	1.5000	1.5000
Canada	0.7100	0.7100	0.7100	0.7100
South Korea	170.00	170.00	170.00	170.00
Hong Kong	7.7500	7.7500	7.7500	7.7500
Taiwan	24.5000	24.5000	24.5000	24.5000
Singapore	1.3600	1.3600	1.3600	1.3600
Malaysia	2.3360	2.3360	2.3360	2.3360
Indonesia	1540.00	1540.00	1540.00	1540.00
Philippines	48.0000	48.0000	48.0000	48.0000
Thailand	50.0000	50.0000	50.0000	50.0000
Brazil	200.0000	200.0000	200.0000	200.0000
Argentina	166.6400	166.6400	166.6400	166.6400
Chile	800.0000	800.0000	800.0000	800.0000
Colombia	2000.0000	2000.0000	2000.0000	2000.0000
Costa Rica	500.0000	500.0000	500.0000	500.0000
Cuba	24.0000	24.0000	24.0000	24.0000
Dominican Republic	20.0000	20.0000	20.0000	20.0000
Ecuador	25.0000	25.0000	25.0000	25.0000
El Salvador	20.0000	20.0000	20.0000	20.0000
Guatemala	20.0000	20.0000	20.0000	20.0000
Honduras	20.0000	20.0000	20.0000	20.0000
Nicaragua	20.0000	20.0000	20.0000	20.0000
Panama	20.0000	20.0000	20.0000	20.0000
Paraguay	20.0000	20.0000	20.0000	20.0000
Peru	33.3333	33.3333	33.3333	33.3333
Puerto Rico	20.0000	20.0000	20.0000	20.0000
Uruguay	20.0000	20.0000	20.0000	20.0000
Venezuela	20.0000	20.0000	20.0000	20.0000

MONEY MARKETS

Further easing

INTEREST RATES maintained a softer tone in London yesterday as sterling held firm against the D-Mark. Three-month interbank fell to 13½-13¾ per cent from 14-14½, while 12-month money eased to 12½-12¾ per cent from 13-13½. Short sterling futures opened firmer on 14½, touching a high of 87.26 for March delivery, but fell back to a low of 87.13, dropping through technical resistance at 87.20 and 87.17. The contract closed at 87.14 compared with 87.32 previously.

UK clearing bank base lending rate

14 per cent from October 8, 1990

Day-to-day credit was in more comfortable supply than late on the London money market. The Bank of England's £200m forecast a shortage of £200m, but revised this to £50m at noon and back to £200m in the afternoon.

Help of £150m was provided when the authorities bought £10m bank bills in hand 1 at 13½ per cent and £185m bank bills in hand 2 at 13 per cent before lunch. There was no further intervention in the afternoon.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £60m.

ments made this week have been successful in improving the pound's position. In London, yesterday it rose to DM2.9125 from DM2.9050, to FFf.8250 from FFf.8200, and to ¥261.25 from ¥260.00, but was unchanged at SFf.2450 and fell 1.80 cents to 1.9335. Sterling's index closed 0.1 higher at 94.2.

The Belgian franc consolidated its position above the D-Mark within the ERM, after replacing the D-Mark as the second strongest currency on Thursday. The failure of the Bundesbank council to raise official German interest rates this week, and nervousness about the political situation in the Soviet Union, weighed against the D-Mark.

The German currency lost ground to the French franc at the Paris fixing, falling to FFf.3960 from FFf.4018 and to the lira in Milan, where it was fixed at L732.40 compared with L732.85.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Jan 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK	1.9315	1.9315	1.9315	1.9315	1.9315	1.9315
West Germany	2.3060	2.3060	2.3060	2.3060	2.3060	2.3060
France	6.5596	6.5596	6.5596	6.5596	6.5596	6.5596
Italy	1.3660	1.3660	1.3660	1.3660	1.3660	1.3660
Spain	166.64	166.64	166.64	166.64	166.64	166.64
Japan	135.10	135.10	135.10	135.10	135.10	135.10
Switzerland	1.4836	1.4836	1.4836	1.4836	1.4836	1.4836
Belgium	36.36	36.36	36.36	36.36	36.36	36.36
Netherlands	2.2037	2.2037	2.2037	2.2037	2.2037	2.2037
Australia	1.5478	1.5478	1.5478	1.5478	1.5478	1.5478
New Zealand	1.2740	1.2740	1.2740	1.2740	1.2740	1.2740
South Africa	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000
Canada	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100
South Korea	170.00	170.00	170.00	170.00	170.00	170.00
Hong Kong	7.7500	7.7500	7.7500	7.7500	7.7500	7.7500
Taiwan	24.5000	24.5000	24.5000	24.5000	24.5000	24.5000
Singapore	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600
Malaysia	2.3360	2.3360	2.3360	2.3360	2.3360	2.3360
Indonesia	1540.00	1540.00	1540.00	1540.00	1540.00	1540.00
Philippines	48.0000	48.0000	48.0000	48.0000	48.0000	48.0000
Thailand	50.0000	50.0000	50.0000	50.0000	50.0000	50.0000
Brazil	200.0000	200.0000	200.0000	200.0000	200.0000	200.0000
Argentina	166.6400	166.6400	166.6400	166.6400	166.6400	166.6400
Chile	800.0000	800.0000	800.0000	800.0000	800.0000	800.0000
Colombia	2000.0000	2000.0000	2000.0000	2000.0000	2000.0000	2000.0000
Costa Rica	500.0000	500.0000	500.0000	500.0000	500.0000	500.0000
Cuba	24.0000	24.0000	24.0000	24.0000	24.0000	24.0000
Dominican Republic	20.0000	20.0000	20.0000	20.0000	20.0000	20.0000
Ecuador	25.0000	25.0000	25.0000	25.0000	25.0000	25.0000
El Salvador	20.0000	20.0000	20.0000	20.0000	20.0000	20.0000
Guatemala	20.0000	20.0000	20.0000	20.0000	20.0000	20.0000
Honduras	20.0000	20.0000	20.0000	20.0000	20.0000	20.0000
Nicaragua	20.0000	20.0000	20.0000	20.0000	20.0000	20.0000
Panama	20.0000	20.0000	20.0000	20.0000	20.0000	20.0000
Paraguay	20.0000	20.0000	20.0000	20.0000	20.0000	20.0000
Peru	33.3333	33.3333	33.3333	33.3333	33.3333	33.3333
Puerto Rico	20.0000	20.0000	20.0000	20.0000	20.0000	20.0000

Commercial rates taken toward the end of London trading / UK, Irish and ECU are quoted in US currency.
Forward premiums and discounts are quoted in US dollar and not to the individual currency.

LONDON STOCK EXCHANGE

Agreement on Gulf talks helps shares

CONFIRMATION that the Iraqi foreign minister has agreed to meet his US opposite number next week inspired a rally in UK stocks yesterday, although early gains in shares were clipped back after further downgrades of domestic corporate profits forecasts by UK brokerage houses. Traders stressed that market turnover remained very thin as fund managers concentrated on their year-end reports to trustees rather than on stock market operations.

The improvement in sterling, together with a lower tendency in crude oil prices, helped equities turn higher after a dull start which reflected Wall Street's weakness overnight, and some traders reported buying interest in London from European funds in the first couple of hours of trading. Most market specialists agreed that business was "well skewed to the buy side," while maintaining that trading volumes remained unimpressive overall.

However, the mid-morning rise in the equity market, which put a net 13 points on the FT-SE index, was largely powered by demand for the FT-SE futures contract which recorded a 50 point premium at best. However, some 35 points of this represents the market's assessment of a "fair value," which is the premium built in to allow for impending dividend payments and the cost of carrying the underlying stocks.

Share prices came off the top as buying support faded and County NatWest, the UK investment bank, downgraded its profit forecasts across the broad range of motor and engineering shares. County has been relatively bullish on the UK market - "still a major opportunity" - was the headline on its survey of prospects for 1991, and yesterday's downgrades sparked fears that the bank plans further downgrades across the equity market.

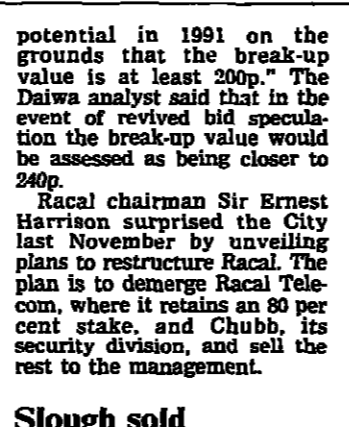
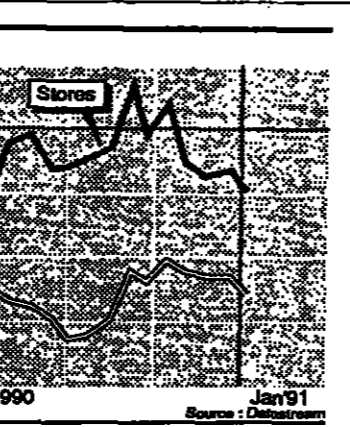
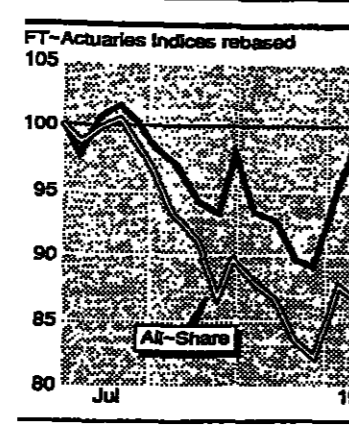
During the second half of the session, shares drifted back from their best levels. The closing calculation put the FT-SE Index at 2,126.1, a net gain on the day of only 8.3 points. Sea volume dipped to 315.5m shares from Thursday's 331.2m, with the downturn spread fairly widely across the range. Since the end of the previous week, when the market was effectively closing down for New Year, the Footsie has fallen by 41.5 points (or nearly 2 per cent) double check (MFI) as investors have grown increasingly wary ahead of the expiry of the UN deadline of January 15 for Iraq withdrawal from Kuwait.

Despite yesterday's upturn in the market, investment sentiment remains as undecided over the near-term outlook as it has been since the beginning of the crisis in the Gulf. Kleinwort Benson Securities summed up the underlying uncertainty by warning clients that "with just 8 days left until the Gulf deadline expires, the UK stock market is unlikely to sustain an advance in the very short-term and could head lower." However, Kleinwort agreed with several other houses in believing that near term weakness could provide buying opportunities.

Shearson Lehman believes that, unlike other parts of the world, the UK economy will not be substantially "rattled" in the second half of this year. It rejects suggestions that investors should begin to look for recovery in cyclical sectors at this stage; "safe havens will be where company results keep up to market expectations," and this will include utilities (the UK Gas, Telecoms, Water and Electricity companies), the safe international growth stocks (drinks and drugs) and possibly the food retailing issues, says the Shearson team.

County cuts its forecasts

IT WAS the turn yesterday of engineering and automotive alpha stocks to experience profits downgrades, but the adverse effects on the five major stocks concerned were often masked by the brighter trend across the wider range of equities. County NatWest was responsible for the latest revisions and, in terms of numbers, the outstanding feature was British Steel.



potential in 1991 on the grounds that the break-up value is at least 200p. The Daiwa analyst said that in the event of revived bid speculation the break-up value would be assessed as being closer to 240p.

Racal chairman Sir Ernest Harrison, speaking at the last November by unveiling plans to restructure Racal. The plan is to demerge Racal Telecom, where it retains an 80 per cent stake, and Chubb, its security division, and sell the rest to the management.

Slough sold Sellers gained the upper hand in active trade of Slough Estates lower after bearish comment from Smith New Court and cautious optimism from UBS Phillips & Drew.

Smith trimmed its profit and net asset valuation figures and reiterated its view that there would be no increase in the dividend this year. "The industrial property market is not looking too bright," said Smith. Slough, which has the fourth biggest market capitalisation among UK property companies, is prominent in the industrial sector.

Pilkington active

Pilkington thrived on speculation which ranged from impending disposals to revived takeover possibilities. Market talk centred on the possible sale of Visioncare, the group's contact lens subsidiary, or the loss-making Optonics business. Of the named potential predators, BTR was again the first choice, closely followed by Hanson. The shares closed 8 up at 182p after trading volume of 3m.

Racal Elect wanted

A buy recommendation from Daiwa, the Japanese-owned securities house, hard on the heels of Thursday's internal note at Hoare Govett, was thought the reason for a strong early performance by Racal Electronics. The shares rallied from an initially depressed 168p to touch 174p and eventually closed a net 3 higher at 173p. Turnover reached 4.4m, easily outstripping activity in other top telecoms/electronics. Racal Telecom also progressed, closing 4 firmer at 256p.

NEW HIGHS AND LOWS FOR 1990/91

NEW HIGHS (p)	NEW LOWS (p)
ADRIAN (p) Anglo Saxon House	ADRIAN (p) Anglo Saxon House
ADRIAN (p) Anglo Saxon House	ADRIAN (p) Anglo Saxon House
ADRIAN (p) Anglo Saxon House	ADRIAN (p) Anglo Saxon House
ADRIAN (p) Anglo Saxon House	ADRIAN (p) Anglo Saxon House

RISES AND FALLS YESTERDAY

Rises	Falls	Same	Rises	Falls	Same
32	40	14	158	122	64
307	235	1,023	836	1,252	4,170
150	112	484	407	764	1,815
13	25	9	71	99	292
1	0	0	4	4	4
28	19	116	131	119	381
45	65	56	130	277	325
Totals	576	505	1,769	1,746	2,650

COMMODITIES

THE WORLD sugar price had the dubious distinction this week of being the London commodity market's biggest mover. As the approach of the Kuwait pull-out deadline heightened fears of war, which could exacerbate the recent deterioration in the market's supply/demand fundamentals, the London daily raw sugar price sank to \$228.80 a tonne - the lowest level for since May 1988 - before edging up to \$229 a tonne yesterday, still \$14.40 down on the week.

WEEK IN THE MARKETS

Similar concerns continued to weigh on the cocoa market, and although sellers tended to be discouraged by suspicions that the market was slightly overvalued, the May futures position ended the week £12 down at \$580 a tonne.

Chairman of NFC

Mr James Watson (pictured) has been appointed chairman of NFC, the international transport, logistics, property and services group based in Bedford. He

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مَكْرَمَةُ الْأَمْوَالِ

December 1997

هكذا من الأهل

AMERICA

Hopes of peace help Dow make modest advance

Wall Street

RENEWED hopes of a peaceful resolution to the Gulf crisis helped US equities move modestly higher yesterday morning, writes Karen Zogor in New York.

At 2 pm, the Dow Jones Industrial Average was up 9.66 at 2,583.17 with advancing issues leading declines by seven to six. On Thursday, the Dow closed down 37.13 at 2,573.51.

Equities turned higher on the news that Mr James Baker, US secretary of state, would meet with Mr Tariq Aziz, the Iraqi foreign minister, in Geneva on January 5.

The news that non-farm payrolls had fallen only 76,000 in December, far less than the 150,000 that many economists had expected, also helped the stock market.

The unemployment report, which had been expected to show continued sharp deterioration of the labour market, had a dampening effect on the bond market. At midday, the treasury's benchmark 30-year bond was 11.60, up 0.16 per cent, its first rise in the year.

The stock market, however, had hoped that signs of further economic decline would force the Federal Reserve to ease monetary policy.

In the stock market, Tennenco fell 0.24 to 44.4, after Kidder Peabody cut its investment rating on the stock and lowered its earnings estimate.

General Dynamics gained 0.7 to 82.5, and McDonnell Douglas rose 0.7 to 83.4, after the US Navy said that it would ask Mr Dick Cheney, the defence secretary, to save the A-12 stealth bomber programme.

A number of pharmaceutical issues moved lower after the state of Florida charged them with violating state and federal antitrust laws. The state has charged Bristol-Myers Squibb, American Home Products and Abbott Laboratories with fixing prices of infant formula. Bristol-Myers dropped 0.14 to 90.3 in heavy trading, American Home Products lost 0.14 to 94.9.

and Abbott slid 0.14 to 94.9. Schering-Plough, however, gained 0.14 to 94.9, after the company said it had taken a major step towards developing human monoclonal antibodies.

Bargain-hunting helped a number of bank issues, including Citicorp, up 0.14 to 83.4, Chemical Bank, 0.14 higher at 88.4, and Chase Manhattan, which rose 0.14 to 81.1.

CPC International dropped 0.14 to 37.4 after an analyst at Dean Witter Reynolds cut his investment rating on the company because of weakness in the food processor's Latin American operations, particularly in Brazil.

Intel added 0.14 to 89.4 after a First Boston semiconductor analyst reiterated a "buy" rating of the issue.

Trading in secondary issues was disrupted in the morning by problems with American Telephone and Telegraph's long-distance service in Manhattan and New Jersey. About 15 per cent of Nasdaq terminals were affected. Trading was also halted on the Comex and Nymex exchanges.

Canada

THE NEWS that Iraq had agreed to send its foreign minister to Switzerland to meet his US counterpart lifted Toronto stocks from their opening losses, but they were unable to hold on to their gains by midday.

The composite index lost 4.9 to 3,216.8 after reaching 3,230.48 soon after the news. Declines led advances by 18 to 190 on volume of 10.3m shares.

GW Utilities fell 0.39 to 32.74 on volume of only 516 shares after paying a dividend of 0.10.

SOUTH AFRICA

GOLD shares in Johannesburg closed higher after the bullion price rose to about \$388. The all-gold index was 20 higher at 1,254 while the overall index fell 9 to 2,710. Vaal Reef's jumped 0.3 to 2.213 and Western Deep rose 0.1 to 2.105.

EUROPE

BOURSES MOVED higher on Gulf hopes yesterday, but the rises came mostly in cautious trading and light turnover, writes Our Markets Staff.

FRANKFURT regained some ground in a technical correction following a 10 per cent drop since mid-December. After a 7.28 rise to 602.11 in the FAZ at mid-session, the DAX closed 0.22, or 2.2 per cent, higher at 1,396.07.

Volume rose from DM2.4bn to DM3.3bn. Mr Werner Wanke, head of securities at Bank Metzler in Frankfurt said the rise reflected the fact that most fund managers had sold what they wanted to sell and that the market had covered the losses by buying puts on the Deutsche Terminbörse (DTB) before Christmas.

Yesterday on the DTB, DAX March futures rose 4.15, or 3 per cent, to 1,418.5, more than 22 points above the cash market close reflecting hopes that leading German stocks were set to rise in the near term.

Mr Wanke said European interest rates would fall in the first quarter, and that the sheer weight of funds dammed up by the Gulf crisis could produce a rally in the next six weeks to three months.

PARIS built upon Thursday's gains, with the CAC 40 adding 8.16 to 1,547.66, a rise on the week of 2 per cent. Turnover remained thin after the previous day's FF865m.

Among the more active stocks, Eurotunnel gained FF1.80 or 5.1 per cent to FF77.50 on 1.5m shares while Lafarge rose FF2.20 to FF316.50 on 158,120 shares.

Total dropped FF2.20 or 3.5 per cent to FF60.1 after saying that it had bought a distribution business from Petrofina of Belgium for between FF300m and FF400m. Elf shed FF0.20 to FF77.30, a leading broker downgraded its profits forecast for the company after cutting its oil price forecast, but said that Elf shares remained a hedge against the Gulf crisis.

Société Centrale d'Investissement fell FF1.50 to FF155.0 in thin trading, after another temporary suspension. MILAN moved higher. The Comit index rose 7.25 to 521.34 in small volume of 1.80bn.

Mutual fund data for December, released late on Thursday, showed net inflows slowing to L1.49bn from L2.99bn in November, although analysts noted that the December figure showed a big improvement from the month a year ago when there was a net outflow of about L430bn.

Generali made further gains, rising L570 to L29,370, although dealers failed to find specific reasons for the rise. Ferruzzi's share price rose L36 to L21.68. The company has bought a share of the CDS Treasury index in Société Centrale d'Investissement, the French financial holding company controlled by the family of Mr Jean-Marie Veronesi, who heads Ferruzzi's French sugar and paper subsidiary, Beghin-Say.

AMSTERDAM firmed thin trade, the CDS Treasury index rising 0.5 to 80.0. DSM gained FF1.20 to FF186.70 after the company's chairman said he did not rule out a merger between DSM and another chemical company. Analysts said Akzo was the most obvious partner.

DAP, the truck maker, eased 10 cents to FF18.50 after saying that 1990 net losses before charges would be FF150m after 1989's profit of FF172m.

KLM, the national airline, rose FF1 or 5 per cent to FF21, following the breakdown of talks with Sabena, the Belgian carrier. In the financial sector, ABN AMRO rose 30 cents to FF32.20. Investors bought it for its high yield although there were growing concerns that its dividend might be threatened by the cost of its merger.

OSLO rose after falling sharply earlier in the week. The all-share index, lifted by the shipping sector, added 1.51 to 435.36 - off 4.5 per cent on the week. Den Norske Bank fell NKr5 to NKr69 after raising its estimate for 1990 lending losses.

BRUSSELS saw Delhaize, the retailer, fall BF160 to BF75.70 as the cash market index slipped 35.05 to 1,855.43, down 1.6 per cent on the week. Delhaize forecast a higher dividend for 1990.

MADRID's general index gained 1.68 to 223.14 in cautious trading, but prices fell in LISBON, where the BTA index lost 27.9 to 2,064.9, a decline of 3.7 per cent since Monday.

STANBUL leapt 8.9 per cent on Gulf optimism, its index rising 287.3 to 3,517.94. Turnover more than doubled to TL87.7bn from Thursday's TL40.1bn.

ATHENS' general index added 11.88 to 980.60, a gain of 3.1 per cent on the week.

US pension funds extend their overseas investments

Antonia Sharpe explains that the need to reduce risk is tempting the Americans to look abroad

US PENSION funds are increasing their overseas investment in risk reduction, Mr Ecklebe says. "Incremental returns are still important but a higher priority is given to the reduction of volatility within a portfolio."

Mr Roger Smith, partner at Greenwich Associates in Greenwich, Connecticut, says that the decline in foreign markets has not dampened the pursuit of global investment. The gap between expected returns from foreign and US markets has widened. "Many funds consider that now is the right time to increase their commitment to foreign markets following their correction this year," Mr Smith says.

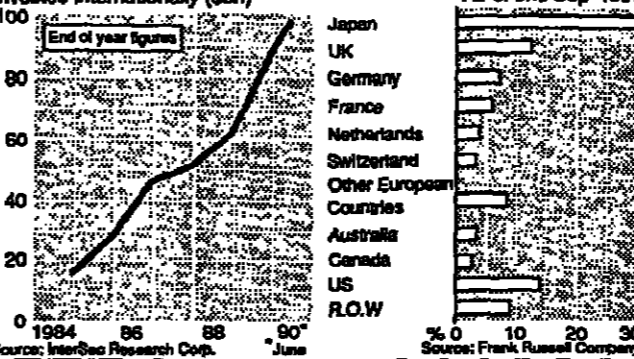
Data from InterSec Research Corp, the consultants based in Stamford, Connecticut, show that Eriss funds' overseas investment had jumped from \$15bn at the end of 1984 to \$98bn by June last year. But this accounts for only about 4 per cent of total US pension fund assets, well behind the figure of almost 23 per cent of UK pension funds in overseas markets, 10 per cent in the case of Canada, 8.4 per cent in Japan and 4.5 per cent in western Germany.

However, InterSec forecasts that the international proportion of Eriss fund assets will rise to at least 5.3 per cent or \$177bn by 1994. Greenwich Associates is more optimistic, predicting that 7 to 8 per cent of total Eriss assets will be allocated abroad by 1995.

Frank Russell, which tracks roughly 45 per cent of all assets invested outside the United States, estimates that by 1995 US and Japanese pension funds will be the largest players in the international markets with about \$250bn each in non-domestic assets, followed by the UK with \$200bn, out of a total of \$888bn.

The lion's share of Eriss assets abroad is in equities, mainly because the large domestic US bond market depresses the proportion of overseas bonds in most global

US tax-exempt funds International allocation



portfolios. However, the equity portion had dropped from 90 per cent at the end of 1984 to 76 per cent by June 1990 and the balance should tip a bit further in favour of bonds, some analysts say.

Prospects of faster economic growth in Europe, the creation of a single market within the European Community by 1992 and the unification of Germany have made the continent a popular avenue for investment. InterSec estimates that slightly more than \$3bn of total Eriss overseas assets, estimated at \$90bn in late 1990, is invested in Japan to 52.1 per cent, which is expected to grow rapidly to around \$10bn by 1994. However, it notes that

Europe is overweighted in the portfolios of more committed managers, indicating a 37 per cent ratio for these portfolios against the 26 to 28 per cent that Europe contributes to the market capitalisation of leading world indices.

Around 42 per cent of the assets monitored by Frank Russell were invested in Europe (UK with 12.8 per cent of the total, Germany with 6.2 per cent) at the end of September, against 29.5 per cent in Japan.

Political uncertainty in the Soviet Union and eastern Europe could lead to a swift diversion of assets to other markets, in the Far East or South America. "The risk of investing in Europe has increased since it is now clear that the road from totalitarianism to capitalism will not be smooth," says Mr Smith of Greenwich Associates.

The majority of Eriss funds have been underweight in Japan for several years, says Mr Ecklebe; so there could be a shift of funds away from Europe to Tokyo in the new year.

Salomon Brothers International recommends that Eriss funds increase their portfolio weighting in Japan to 52.1 per cent from a current 24.6 per cent, in spite of the financial

distress in the Japanese property market, and reduce continental Europe to 23.1 per cent from 37.7 per cent.

"Given that the Middle East and real estate problems are settled, the [Japanese] market will rebound strongly to reflect the slowing economy and continued moves to lower short- and long-term interest rates," Salomon says in its 1991 outlook.

There is evidence that the diversion of assets away from continental Europe - and western Germany in particular - might have started already, says Mr David Strongin, director of international finance at the Securities Industry Association in New York. Net equity inflows into western Germany slowed to DM2.3bn in the first half of 1990, one tenth of 1989's DM23.3bn.

On the other hand, emerging markets such as Mexico have received large amounts of US capital. Efforts by the Salinas government to revive the troubled Mexican economy, and hopes of an early trade agreement between the two countries, pushed US net investment in Mexican equities to a record \$300m in the second quarter of 1990, after net acquisitions of only \$80m in the first quarter.

ASIA PACIFIC Nikkei starts year on positive note as yen and bonds strengthen

Tokyo

SHARE PRICES started the year on a positive note. A stronger yen and soaring bond prices triggered by expectations of a peaceful resolution of the Gulf crisis contributed to the optimism, writes Emiko Terazono in Tokyo.

In the half-day session, the Nikkei average closed at 24,069.18, up 220.47, having recovered the psychologically important level of 24,000 for the first time in the trading session. After opening at 23,877.48, the index fell to the day's low of 23,796.36, but soon firmed to a high of 24,109.88. Volume was a light 150m shares.

The Toxip index of all first section stocks rose 7.09 to 1,740.92. Losses outnumbered gains by 469 to 398, with 181 issues unchanged. In London, the ISE/Nikkei 50 index slipped 2.62 to 1,335.37.

Trading in Tokyo concentrated on large-capital stocks, while smaller issues lost ground. The Toxip index of all second-section stocks fell 8.13 to 2,703.02.

The sharp drop in bond yields, encouraged by Washington's latest proposal to hold talks with Iraq in Geneva next week, triggered buy orders of interest rate-sensitive, large-capital issues. Nippon Steel gained Y11 to Y459 and Tokyo Electric Power added Y150 to Y3,800. NTT closed up Y19,000 at Y99,000 after briefly recovering the Y1m level.

Trading houses gained on expectations of new business opportunities with the Soviet Union. Citicorp rose Y32 to Y897 on news that the trading house will start a feasibility study into the exploration of crude oil in the Soviet Union. Marubeni gained Y31 to Y991 and Mitsui & Co added Y294 to Y792.

Building contractors were strong, with Kajima Corp up Y50 to Y1,630 and Obayashi Corp gaining Y40 to Y1,170. The government's plan to spend Y450,000bn on public works over the next decade is expected to boost the sector.

Exporters were weak as the yen strengthened. Sega Enterprises, the game maker, lost Y100 to Y11,400. The issue was the biggest gainer last year, rising 15 per cent.

The OSE average in Osaka fell 217.43 to 24,312. Volume remained low with 15m shares changing hands.

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weighted index finished 10.06 or 2.6 per cent higher at 4,367.99. Volume eased to 783.8m from 783.2m.

SEATTLE advanced in moderate trading. The composite index gained 17.87 or 2.6 per cent to 697.62, more than offsetting the previous day's loss. Volume rose to 10,533,300 from 10,515,600. Thursday's turnover was 1.5m shares.

MANILA rose on short-covering. The composite index bounced back 17.16 or 2.9 per cent to 612.63. Turnover climbed to 81.4m pesos from 78.2m pesos. NEW ZEALAND edged higher on demand from domestic and foreign investors following the market's sharp fall during 1990. The Barclays index added 3.85 to 1,209.51 in turnover of NZ\$15.4m, up from NZ\$6.9m.

TAIWAN recovered half of Thursday's big drop on prospects of a diplomatic solution to the Gulf situation. The

LONDON SHARE SERVICE

BRITISH FUNDS

BRITISH FUNDS - Contd

AMERICANS - Contd

1990/91	High	Low	Stock	Price	%	Yield	Int.	Red.		1990/91	High	Low	Stock	Price	%	Yield	Int.	Red.		1990/91	High	Low	Stock	Price	%	Yield	Int.	Red.	
Index-Linked										(b) (1) (2)																			
"Shorts" (Lives up to Five Years)																													
97/1	112.30	99.90	11.70	99.90	12.14					126.5	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/2	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/3	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/4	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/5	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/6	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/7	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/8	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/9	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/10	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/11	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/12	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/13	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/14	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/15	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/16	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/17	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/18	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/19	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/20	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/21	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/22	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/23	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/24	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/25	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/26	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/27	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/28	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/29	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/30	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/31	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/32	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/33	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/34	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/35	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/36	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/37	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/38	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/39	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/40	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/41	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/42	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/43	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/44	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/45	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/46	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/47	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/48	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/49	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/50	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/51	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/52	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.37	4.50				1990/91	High <td>Low<td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td></td>	Low <td>Stock<td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td></td>	Stock <td>Price<td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td></td>	Price <td>%<td>Yield<td>Int.<td>Red.<td></td></td></td></td></td>	% <td>Yield<td>Int.<td>Red.<td></td></td></td></td>	Yield <td>Int.<td>Red.<td></td></td></td>	Int. <td>Red.<td></td></td>	Red. <td></td>	
97/53	Funding 5% Dec 91-91H	99.90	9.84	12.14						116.0	110.04	107.20	97.80	125.0	2.														

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BANKS, HP & LEASING

1990/91	Stock	Price	Div	Yield	P/E
100	Bank of America	128.00	0.00	0.00	11.5
101	Bank of England	128.00	0.00	0.00	11.5
102	Bank of Ireland	128.00	0.00	0.00	11.5
103	Bank of Scotland	128.00	0.00	0.00	11.5
104	Bank of Wales	128.00	0.00	0.00	11.5
105	Bank of Cyprus	128.00	0.00	0.00	11.5
106	Bank of Greece	128.00	0.00	0.00	11.5
107	Bank of Italy	128.00	0.00	0.00	11.5
108	Bank of Japan	128.00	0.00	0.00	11.5
109	Bank of Korea	128.00	0.00	0.00	11.5
110	Bank of Mexico	128.00	0.00	0.00	11.5

Hire Purchase, Leasing, etc.

1990/91	Stock	Price	Div	Yield	P/E
111	Hire Purchase	128.00	0.00	0.00	11.5
112	Leasing	128.00	0.00	0.00	11.5
113	Finance	128.00	0.00	0.00	11.5
114	Insurance	128.00	0.00	0.00	11.5
115	Real Estate	128.00	0.00	0.00	11.5
116	Transport	128.00	0.00	0.00	11.5
117	Utilities	128.00	0.00	0.00	11.5
118	Telecom	128.00	0.00	0.00	11.5
119	Media	128.00	0.00	0.00	11.5
120	Food	128.00	0.00	0.00	11.5

BEERS, WINES & SPIRITS

1990/91	Stock	Price	Div	Yield	P/E
121	Beers	128.00	0.00	0.00	11.5
122	Wines	128.00	0.00	0.00	11.5
123	Spirits	128.00	0.00	0.00	11.5
124	Food	128.00	0.00	0.00	11.5
125	Textiles	128.00	0.00	0.00	11.5
126	Chemicals	128.00	0.00	0.00	11.5
127	Pharmaceuticals	128.00	0.00	0.00	11.5
128	Automotive	128.00	0.00	0.00	11.5
129	Aerospace	128.00	0.00	0.00	11.5
130	Defense	128.00	0.00	0.00	11.5

BUILDING, TIMBER, ROADS

1990/91	Stock	Price	Div	Yield	P/E
131	Building	128.00	0.00	0.00	11.5
132	Timber	128.00	0.00	0.00	11.5
133	Roads	128.00	0.00	0.00	11.5
134	Infrastructure	128.00	0.00	0.00	11.5
135	Energy	128.00	0.00	0.00	11.5
136	Water	128.00	0.00	0.00	11.5
137	Waste	128.00	0.00	0.00	11.5
138	Telecom	128.00	0.00	0.00	11.5
139	Media	128.00	0.00	0.00	11.5
140	Food	128.00	0.00	0.00	11.5

BUILDING, TIMBER, ROADS

1990/91	Stock	Price	Div	Yield	P/E
141	Building	128.00	0.00	0.00	11.5
142	Timber	128.00	0.00	0.00	11.5
143	Roads	128.00	0.00	0.00	11.5
144	Infrastructure	128.00	0.00	0.00	11.5
145	Energy	128.00	0.00	0.00	11.5
146	Water	128.00	0.00	0.00	11.5
147	Waste	128.00	0.00	0.00	11.5
148	Telecom	128.00	0.00	0.00	11.5
149	Media	128.00	0.00	0.00	11.5
150	Food	128.00	0.00	0.00	11.5

CHEMICALS, PLASTICS

1990/91	Stock	Price	Div	Yield	P/E
151	Chemicals	128.00	0.00	0.00	11.5
152	Plastics	128.00	0.00	0.00	11.5
153	Pharmaceuticals	128.00	0.00	0.00	11.5
154	Automotive	128.00	0.00	0.00	11.5
155	Aerospace	128.00	0.00	0.00	11.5
156	Defense	128.00	0.00	0.00	11.5
157	Telecom	128.00	0.00	0.00	11.5
158	Media	128.00	0.00	0.00	11.5
159	Food	128.00	0.00	0.00	11.5
160	Textiles	128.00	0.00	0.00	11.5

DRAPERY AND STORES

1990/91	Stock	Price	Div	Yield	P/E
161	Drapery	128.00	0.00	0.00	11.5
162	Stores	128.00	0.00	0.00	11.5
163	Textiles	128.00	0.00	0.00	11.5
164	Food	128.00	0.00	0.00	11.5
165	Chemicals	128.00	0.00	0.00	11.5
166	Pharmaceuticals	128.00	0.00	0.00	11.5
167	Automotive	128.00	0.00	0.00	11.5
168	Aerospace	128.00	0.00	0.00	11.5
169	Defense	128.00	0.00	0.00	11.5
170	Telecom	128.00	0.00	0.00	11.5

BUILDING, TIMBER, ROADS

1990/91	Stock	Price	Div	Yield	P/E
171	Building	128.00	0.00	0.00	11.5
172	Timber	128.00	0.00	0.00	11.5
173	Roads	128.00	0.00	0.00	11.5
174	Infrastructure	128.00	0.00	0.00	11.5
175	Energy	128.00	0.00	0.00	11.5
176	Water	128.00	0.00	0.00	11.5
177	Waste	128.00	0.00	0.00	11.5
178	Telecom	128.00	0.00	0.00	11.5
179	Media	128.00	0.00	0.00	11.5
180	Food	128.00	0.00	0.00	11.5

ELECTRICITY

1990/91	Stock	Price	Div	Yield	P/E
181	Electricity	128.00	0.00	0.00	11.5
182	Telecom	128.00	0.00	0.00	11.5
183	Media	128.00	0.00	0.00	11.5
184	Food	128.00	0.00	0.00	11.5
185	Chemicals	128.00	0.00	0.00	11.5
186	Pharmaceuticals	128.00	0.00	0.00	11.5
187	Automotive	128.00	0.00	0.00	11.5
188	Aerospace	128.00	0.00	0.00	11.5
189	Defense	128.00	0.00	0.00	11.5
190	Telecom	128.00	0.00	0.00	11.5

ELECTRICITY

1990/91	Stock	Price	Div	Yield	P/E
191	Electricity	128.00	0.00	0.00	11.5
192	Telecom	128.00	0.00	0.00	11.5
193	Media	128.00	0.00	0.00	11.5
194	Food	128.00	0.00	0.00	11.5
195	Chemicals	128.00	0.00	0.00	11.5
196	Pharmaceuticals	128.00	0.00	0.00	11.5
197	Automotive	128.00	0.00	0.00	11.5
198	Aerospace	128.00	0.00	0.00	11.5
199	Defense	128.00	0.00	0.00	11.5
200	Telecom	128.00	0.00	0.00	11.5

ELECTRICITY

1990/91	Stock	Price	Div	Yield	P/E
201	Electricity	128.00	0.00	0.00	11.5
202	Telecom	128.00	0.00	0.00	11.5
203	Media	128.00	0.00	0.00	11.5
204	Food	128.00	0.00	0.00	11.5
205	Chemicals	128.00	0.00	0.00	11.5
206	Pharmaceuticals	128.00	0.00	0.00	11.5
207	Automotive	128.00	0.00	0.00	11.5
208	Aerospace	128.00	0.00	0.00	11.5
209	Defense	128.00	0.00	0.00	11.5
210	Telecom	128.00	0.00	0.00	11.5

ELECTRICITY

1990/91	Stock	Price	Div	Yield	P/E
211	Electricity	128.00	0.00	0.00	11.5
212	Telecom	128.00	0.00	0.00	11.5
213	Media	128.00	0.00	0.00	11.5
214	Food	128.00	0.00	0.00	11.5
215	Chemicals	128.00	0.00	0.00	11.5
216	Pharmaceuticals	128.00	0.00	0.00	11.5
217	Automotive	128.00	0.00	0.00	11.5
218	Aerospace	128.00	0.00	0.00	11.5
219	Defense	128.00	0.00	0.00	11.5
220	Telecom	128.00	0.00	0.00	11.5

ELECTRICITY

1990/91	Stock	Price	Div	Yield	P/E
221	Electricity	128.00	0.00	0.00	11.5
222	Telecom	128.00	0.00	0.00	11.5
223	Media	128.00	0.00	0.00	11.5
224	Food	128.00	0.00	0.00	11.5
225	Chemicals	128.00	0.00	0.00	11.5
226	Pharmaceuticals	128.00	0.00	0.00	11.5
227	Automotive	128.00	0.00	0.00	11.5
228	Aerospace	128.00	0.00	0.00	11.5
229	Defense	128.00	0.00	0.00	11.5
230	Telecom	128.00	0.00	0.00	11.5

ELECTRICITY

1990/91	Stock	Price	Div	Yield	P/E
231	Electricity	128.00	0.00	0.00	11.5
232	Telecom	128.00	0.00	0.00	11.5
233	Media	128.00	0.00	0.00	11.5
234	Food	128.00	0.00	0.00	11.5
235	Chemicals	128.00	0.00	0.00	11.5
236	Pharmaceuticals	128.00	0.00	0.00	11.5
237	Automotive	128.00	0.00	0.00	11.5
238	Aerospace	128.00	0.00	0.00	11.5
239	Defense	128.00	0.00	0.00	11.5
240	Telecom	128.00	0.00	0.00	11.5

ENGINEERING

1990/91	Stock	Price	Div	Yield	P/E
241	Engineering	128.00	0.00	0.00	11.5
242	Telecom	128.00	0.00	0.00	11.5
243	Media	128.00	0.00	0.00	11.5
244	Food	128.00	0.00	0.00	11.5
245	Chemicals	128.00	0.00	0.00	11.5
246	Pharmaceuticals	128.00	0.00	0.00	11.5
247	Automotive	128.00	0.00	0.00	11.5
248	Aerospace	128.00	0.00	0.00	11.5
249	Defense	128.00	0.00	0.00	11.5
250	Telecom	128.00	0.00	0.00	11.5

ENGINEERING

1990/91	Stock	Price	Div	Yield	P/E
251	Engineering	128.00	0.00	0.00	11.5
252	Telecom	128.00	0.00	0.00	11.5
253	Media	128.00	0.00	0.00	11.5
254	Food	128.00	0.00	0.00	11.5
255	Chemicals	128.00	0.00	0.00	11.5
256	Pharmaceuticals	128.00	0.00	0.00	11.5
257	Automotive	128.00	0.00	0.00	11.5
258	Aerospace	128.00	0.00	0.00	11.5
259	Defense	128.00	0.00	0.00	11.5
260	Telecom	128.00	0.00	0.00	11.5

ENGINEERING

1990/91	Stock	Price	Div	Yield	P/E
261	Engineering	128.00	0.00	0.00	11.5
262	Telecom	128.00	0.00	0.00	11.5
263	Media	128.00	0.00	0.00	11.5
264	Food	128.00	0.00	0.00	11.5
265	Chemicals	128.00	0.00	0.00	11.5
266	Pharmaceuticals	128.00	0.00	0.00	11.5
267	Automotive	128.00	0.00	0.00	11.5
268	Aerospace	128.00	0.00	0.00	11.5
269	Defense	128.00	0.00	0.00	11.5
270	Telecom	128.00	0.00	0.00	11.5

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MINES – Contd

1990/91 High	Low	Stock	Price	Div Net	Yield Gr%
7 1/2	3 1/2	300 Croesus Mining L.L.	4		
14	1 1/2	100 Delta Gold 25c	19		
104	27	27 Dominion Mining	32	Q4c	5.6
12	11	11 Doral Resources	11		
8	2	200 Dragon Mining	2		

154	21	Wendover 20c	26	10	10	2	10
155	22	Wendover 20c	27	11	11	2	11
156	23	Wendover 20c	28	12	12	2	12
157	24	Wendover 20c	29	13	13	2	13
158	25	Wendover 20c	30	14	14	2	14
159	26	Wendover 20c	31	15	15	2	15
160	27	Wendover 20c	32	16	16	2	16
161	28	Wendover 20c	33	17	17	2	17
162	29	Wendover 20c	34	18	18	2	18
163	30	Wendover 20c	35	19	19	2	19
164	31	Wendover 20c	36	20	20	2	20
165	32	Wendover 20c	37	21	21	2	21
166	33	Wendover 20c	38	22	22	2	22
167	34	Wendover 20c	39	23	23	2	23
168	35	Wendover 20c	40	24	24	2	24
169	36	Wendover 20c	41	25	25	2	25
170	37	Wendover 20c	42	26	26	2	26
171	38	Wendover 20c	43	27	27	2	27
172	39	Wendover 20c	44	28	28	2	28
173	40	Wendover 20c	45	29	29	2	29
174	41	Wendover 20c	46	30	30	2	30
175	42	Wendover 20c	47	31	31	2	31
176	43	Wendover 20c	48	32	32	2	32
177	44	Wendover 20c	49	33	33	2	33
178	45	Wendover 20c	50	34	34	2	34
179	46	Wendover 20c	51	35	35	2	35
180	47	Wendover 20c	52	36	36	2	36
181	48	Wendover 20c	53	37	37	2	37
182	49	Wendover 20c	54	38	38	2	38
183	50	Wendover 20c	55	39	39	2	39
184	51	Wendover 20c	56	40	40	2	40
185	52	Wendover 20c	57	41	41	2	41
186	53	Wendover 20c	58	42	42	2	42
187	54	Wendover 20c	59	43	43	2	43
188	55	Wendover 20c	60	44	44	2	44
189	56	Wendover 20c	61	45	45	2	45
190	57	Wendover 20c	62	46	46	2	46
191	58	Wendover 20c	63	47	47	2	47
192	59	Wendover 20c	64	48	48	2	48
193	60	Wendover 20c	65	49	49	2	49
194	61	Wendover 20c	66	50	50	2	50
195	62	Wendover 20c	67	51	51	2	51
196	63	Wendover 20c	68	52	52	2	52
197	64	Wendover 20c	69	53	53	2	53
198	65	Wendover 20c	70	54	54	2	54
199	66	Wendover 20c	71	55	55	2	55
200	67	Wendover 20c	72	56	56	2	56
201	68	Wendover 20c	73	57	57	2	57
202	69	Wendover 20c	74	58	58	2	58
203	70	Wendover 20c	75	59	59	2	59
204	71	Wendover 20c	76	60	60	2	60
205	72	Wendover 20c	77	61	61	2	61
206	73	Wendover 20c	78	62	62	2	62
207	74	Wendover 20c	79	63	63		

35	25	Wendover 20c	25	10	10	2	10
36	26	Wendover 20c	26	11	11	2	11
37	27	Wendover 20c	27	12	12	2	12
38	28	Wendover 20c	28	13	13	2	13
39	29	Wendover 20c	29	14	14	2	14
40	30	Wendover 20c	30	15	15	2	15
41	31	Wendover 20c	31	16	16	2	16
42	32	Wendover 20c	32	17	17	2	17
43	33	Wendover 20c	33	18	18	2	18
44	34	Wendover 20c	34	19	19	2	19
45	35	Wendover 20c	35	20	20	2	20
46	36	Wendover 20c	36	21	21	2	21
47	37	Wendover 20c	37	22	22	2	22
48	38	Wendover 20c	38	23	23	2	23
49	39	Wendover 20c	39	24	24	2	24
50	40	Wendover 20c	40	25	25	2	25
51	41	Wendover 20c	41	26	26	2	26
52	42	Wendover 20c	42	27	27	2	27
53	43	Wendover 20c	43	28	28	2	28
54	44	Wendover 20c	44	29	29	2	29
55	45	Wendover 20c	45	30	30	2	30
56	46	Wendover 20c	46	31	31	2	31
57	47	Wendover 20c	47	32	32	2	32
58	48	Wendover 20c	48	33	33	2	33
59	49	Wendover 20c	49	34	34	2	34
60	50	Wendover 20c	50	35	35	2	35
61	51	Wendover 20c	51	36	36	2	36
62	52	Wendover 20c	52	37	37	2	37
63	53	Wendover 20c	53	38	38	2	38
64	54	Wendover 20c	54	39	39	2	39
65	55	Wendover 20c	55	40	40	2	40
66	56	Wendover 20c	56	41	41	2	41
67	57	Wendover 20c	57	42	42	2	42
68	58	Wendover 20c	58	43	43	2	43
69	59	Wendover 20c	59	44	44	2	44
70	60	Wendover 20c	60	45	45	2	45
71	61	Wendover 20c	61	46	46	2	46
72	62	Wendover 20c	62	47	47	2	47
73	63	Wendover 20c	63	48	48	2	48
74	64	Wendover 20c	64	49	49	2	49
75	65	Wendover 20c	65	50	50	2	50
76	66	Wendover 20c	66	51	51	2	51
77	67	Wendover 20c	67	52	52	2	52
78	68	Wendover 20c	68	53	53	2	53
79	69	Wendover 20c	69	54	54	2	54
80	70	Wendover 20c	70	55	55	2	55
81	71	Wendover 20c	71	56	56	2	56
82	72	Wendover 20c	72	57	57	2	57
83	73	Wendover 20c	73	58	58	2	58
84	74	Wendover 20c	74	59	59	2	59
85	75	Wendover 20c	75	60	60	2	60
86	76	Wendover 20c	76	61	61	2	61
87	77	Wendover 20c	77	62	62	2	62
88	78	Wendover 20c	78	63	63	2	63
89	79	Wendover 20c	79	64	64	2	64
90	80	Wendover 20c	80	65	65	2	65
91	81	Wendover 20c	81	66	66	2	66
92	82	Wendover 20c	82	67	67	2	67
93	83	Wendover 20c	83	68	68	2	68
94	84	Wendover 20c	84	69	69	2	69
95	85	Wendover 20c	85	70	70	2	70
96	86	Wendover 20c	86	71	71	2	71
97	87	Wendover 20c	87	72	72	2	72
98	88	Wendover 20c	88	73	73	2	73
99	89	Wendover 20c	89	74	74	2	74
100	90	Wendover 20c	90	75	75	2	75
101	91	Wendover 20c	91	76	76	2	76
102	92	Wendover 20c	92	77	77	2	77
103	93	Wendover 20c	93	78	78	2	78
104	94	Wendover 20c	94	79	79	2	79
105	95	Wendover 20c	95	80	80	2	80
106	96	Wendover 20c	96	81	81	2	81
107	97	Wendover 20c	97	82	82	2	82
108	98	Wendover 20c	98	83	83	2	83
109	99	Wendover 20c	99	84	84	2	84
110	100	Wendover 20c	100	85	85	2	85
111	101	Wendover 20c	101	86	86	2	86
112	102	Wendover 20c	102	87	87	2	87
113	103	Wendover 20c	103	88	88	2	88
114	104	Wendover 20c	104	89	89	2	89
115	105	Wendover 20c	105	90	90	2	90
116	106	Wendover 20c	106	91	91	2	91
117	107	Wendover 20c	107	92	92	2	92
118	108	Wendover 20c	108	93	93	2	93
119	109	Wendover 20c	109	94	94	2	94
120	110	Wendover 20c	110	95	95	2	95
121	111	Wendover 20c	111	96	96	2	96
122	112	Wendover 20c	112	97	97	2	97
123	113	Wendover 20c	113	98	98	2	98
124	114	Wendover 20c	114	99	99	2	99
125	115	Wendover 20c	115	100	100	2	100
126	116	Wendover 20c	116	101	101	2	101
127	117	Wendover 20c	117	102	102	2	102
128	118	Wendover 20c	118	103	103	2	103
129	119	Wendover 20c	119	104	104	2	104
130	120	Wendover 20c	120	105	105	2	105
131	121	Wendover 20c	121	106	106	2	106
132	122	Wendover 20c	122	107	107	2	107
133	123	Wendover 20c	123	108	108	2	108
134	124	Wendover 20c	124	109	109	2	109
135	125	Wendover 20c	125	110	110	2	110
136	126	Wendover 20c	126	111	111	2	111
137	127	Wendover 20c	127	112	112	2	112
138	128	Wendover 20c	128	113	113	2	113
139	129	Wendover 20c	129	114	114	2	114
140	130	Wendover 20c	130	115	115	2	115
141	131	Wendover 20c	131	116	116	2	116
142	132	Wendover 20c	132	117	117	2	117
143	133	Wendover 20c	133	118	118	2	118
144	134	Wendover 20c	134	119	119	2	119
145	135	Wendover 20c	135	120	120	2	120
146	136	Wendover 20c	136	121	121	2	121
147	137	Wendover 20c	137	122	122	2	122
148	138	Wendover 20c	138	123	123	2	123
149	139	Wendover 20c	139	124	124	2	124
150	140	Wendover 20c	140	125	125	2	125
151	141	Wendover 20c	141	126	126	2	126
152	142	Wendover 20c	142	127	127	2	127
153	143	Wendover 20c	143	128	128	2	128
154	144	Wendover 20c	144	129	129	2	129
155	145	Wendover 20c	145	130	130	2	130
156	146	Wendover 20c	146	131	131	2	131
157	147	Wendover 20c	147	132	132	2	132
158	148	Wendover 20c	148	133	133	2	133
159	149	Wendover 20c	149	134	134	2	134
160	150	Wendover 20c	150	135	135	2	135
161	151	Wendover 20c	151	136	136	2	136
162	152	Wendover 20c	152	137	137	2	137
163	153	Wendover 20c	153	138	138	2	138
164	154	Wendover 20c	154	139	139	2	139
165	155	Wendover 20c	155	140	140	2	140
166	156	Wendover 20c	156	141	141	2	141
167	157	Wendover 20c	157	142	142	2	142
168	158	Wendover 20c	158	143			

[illegible][illegible]

converted and warrants exercised if dilution occurs:

- **H**: Highs and lows **marked** thus have been adjusted to allow for rights issues for cash
- **I**: Interest since dividend or resumed
- **I**: Interest since dividend, passed or deferred
- **T**: Tax-free to non-residents on application
- **L**: Liquor or liquor-related
- **N**: Not officially **UK** listed; dealings permitted under rules
- **US**: **US** firm; not listed on Stock Exchange and company not subjected to same degree of regulation as listed security
- **P**: **P**rices at time of suspension
- **I**: Indicated dividend after pending split and/or rights issues
- **F**: Forecasted dividend, dividend or forecast
- **M**: Merger bid or reorganisation in progress
- **N**: Not comparable
- **R**: Reduced interest; reduced final and/or reduced earnings
- **F**: Forecasted, dividend, cover on earnings updated by latest financial statement.
- **C**: Cover allows for conversion of shares not now ranking for dividend; **F** figures based on potential
- **C**: Cover does not allow for shares which may also rank for dividend at a future date. No **P** if usually provided.
- **N**: Not a value

N.P., Belgian Francs **F.**, French Francs **FF**, Yield based on assumption Treasury Bill Rate says unchanged until maturity of debenture; **F** figures based on potential future earnings; **C**, **C**ents; **D**, dividend rate paid or payable on debenture

[illegible]

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.			
Crail & Rose Ltd	700	Carroll (P. J.)	150
Ennis	780	Deery	150
Finglas P&S	50	IRG	150
West Loath Ltd	1300	United Drug	150
IRISH			
Co. B&L to 1991	£900		
Per Cap. L. 1990	£25.14		
Fin. 13% 97/02	£109.97		
	150		

TRADITIONAL OPTIONS

3-month call rates

Industrials	p	RHM	23
Allied-Lyons	6	Rank Org Ord	25
Armco	4	Reed Ind	22
Aspac	4	STC	19
BA	4	Seair	7 1/2
B&C	4	Senk. Borden & A	41
BTR	4	Yaco	19
B&C	4	Yaco	19
BTR	25	Thorn EMU	19
B&C	25	Thorn EMU	19
Blue Circle	25	Thorn EMU	19
Blue Circle	25	Thorn EMU	19

Boots.....	29	Wellness.....	16
Boys' Life.....	29	Wicks.....	33
Brit. Aerospace.....	45		
British Steel.....	106		
Brit. Telecom.....	28	Property	
California.....	28	Brit. Land.....	24
Charter Co.	40	Canal Seals.....	31
CompuLink.....	28	East Securities.....	28
Continental.....	28	MEPC.....	28
EN.....	5	Messelberg.....	9
ENR.....	28		
Env. Accident.....	15		
GE.....	28	Oils	
Glaxo.....	68	Arco.....	34
Grand Met.....	27	Brit. Petroleum.....	27
GRI.....	17	Burmah Control.....	46
Ham.....	27	Compass Petrol.....	15
ICI.....	27	Esso.....	15
Johnson & Smith.....	27	Exxon.....	15
LaSalle.....	27	Praxair.....	27
LaSalle & Co.....	27	Shell.....	27
Las Service.....	12	Toshiba Ref.	27
Leeds.....	11	Ultramar.....	29
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Miles.....	19		
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This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year (excl. security shown, subject to the Editor's discretion).

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year (excl. security shown, subject to the Editor's discretion).

THE Gulf Crisis began with two surprises. The first was Saddam Hussein's. His was the ultimate in strategic surprise. He massed 100,000 troops on the Iraqi border, and virtually no-one thought they would be used, least of all the Kuwaitis.

The second surprise was made by George Bush - that he had created an unprecedented global coalition, including the Soviet Union, along with the sanctions that have shut off Iraqi and Kuwaiti oil exports. Surely Saddam never once considered that the rest of the world would line up against him as it has, nor that his fellow Ba'athist and bitter arch-rival, president Hafez al-Assad of Syria, could find common cause with the Americans in the anti-Saddam coalition. He misunderstood the extent of the changes in the Soviet Union that would propel the country that had been Iraq's mentor for 20 years to take sides against him. Now, instead of higher and rising oil prices, Iraq has had virtually no oil earnings for half a year. And, in spite of his evident expectation that the coalition will falter, Saddam faces the imminent prospect that the invasion of Kuwait may have put the survival of the Ba'athist regime in question.

Great international events rarely occur for one reason. That is certainly true of the current crisis. It is about the post-Cold War order; about aggression and sovereignty; the regional and perhaps global balance of power; and about how Saddam would use an expanded arsenal two or three years hence.

But it is also about the "O-word" - oil. Not short-term prices at the pump, as some say, but about whether a single power will dominate the region that holds 65 per cent of the world reserves of the fuel that powers the global economy. Saddam did not take the risk of invading Kuwait, because he wanted to establish a string of holiday hotels along the Kuwait coast. He went in for the money and power that would accrue from adding Kuwait's oil to his own - and the further power that would come from dominating the remaining neighbours.

The character and prospects for the Gulf crisis are, to a surprising degree, the making of these two men, George Bush and Saddam Hussein. And now, as High Noon - the January 15 deadline - draws near, the world waits for what may be the final face-off between them. There could hardly be more difference in character or experience and yet each man was shaped by oil. For both of them are from states locked in a struggle over oil. Who are these men? And who will prevail?

In January 1989, on the eve of his inauguration as president, George Bush declared: "I put it this way. They got a president of the US that came out of the oil and gas industry, that knows it and knows it well." He knew, in particular, the risk-taking deal-making world of the independent oil men. That had been the world in which he had spent his formative years as an adult.

He enlisted as a Navy flier at age 18, during the Second World War. Shot down by the Japanese, he emerged as a war hero. He compressed a four-year Yale education into two and a half. On graduating from Yale in 1948, he had passed up the obvious jobs on Wall Street for someone of his background (his father had been a partner in the venerable banking firm of Brown Brothers, Harriman, before becoming a Senator from Connecticut). Instead, he set off for Texas, for the oil town of Odessa, then Midland, starting at an oil services company painting pumping equipment, and then becoming an itinerant salesman, selling drill bits at well sites.

But, as he later said, he "caught the



Saddam's big mistake

Daniel Yergin, author and consultant, says George Bush is tougher than Saddam thinks

fever" - a disease known in American since the 1860s as "oil on the brain" - and formed an independent oil company in partnership with other young men as eager to strike oil and get rich. It was a world of continual improvisation and non-stop deal-making. "Somebody had a rig, knew of a deal, and we were all looking for funds," one of Bush's partners said. The company was named Zapata, after a film about the Mexican revolutionary.

Bush quickly mastered the skills of the independent oil man, flying off to North Dakota to try to buy royalty interests from suspicious farmers; combing courthouse records to find out who owned the mineral rights adjacent to new discoveries; arranging for drilling crews as quickly and cheaply as possible; and, of course, making the pilgrimage to the US East Coast to round up money from investors.

Eventually, the partners amicably split Zapata in two, and Bush took the offshore oil services side of the business, making it one of the pioneers and leaders in the development of offshore drilling and production in the Gulf of Mexico and around the world. He did well. The Bush family was about the first in its Midland neighbourhood to put in a swimming pool. In building his company, Bush also demonstrated that, beneath the amiable and friendly exterior, was an iron will. He was highly competitive and played to win.

In the mid 1960s, Bush helped establish

the Republican Party as a force in Texas, which until then had been dominated by the Democrats. He won a seat in Congress. Then, after losing a Senate race in 1970, he was appointed US Ambassador to the United Nations by Richard Nixon. The job had a lasting impact; while Ronald Reagan disdained the UN, Bush, acting on his own experience, would seek a UN framework for replying to the invasion of Kuwait.

Several other jobs followed: chairman of the Republican National Committee during what proved to be the worst of the Watergate scandal; US envoy to the People's Republic of China, then head of the CIA for a year or so. He then spent four years campaigning unsuccessfully for the Republican nomination for president. In 1980, the man who beat him, Ronald Reagan, chose him as vice-presidential running mate.

The only time that the loyal vice-president Bush was at odds with the rest of the Reagan administration was over the 1986 oil price collapse. The Reagan administration's "free market" approach toward energy rested upon a contradiction; after all, a cartel, the Organisation of Petroleum Exporting Countries (Opec), was preventing a big fall in the price of oil, thus providing

the incentives for conservation and energy development in the US and elsewhere. But this contradiction remained latent and untroubling until the price collapse of 1986, which saw oil prices plummet from \$29 a barrel to under \$10. That price collapse also showed something of what Bush thought about oil.

In April 1986, he travelled to the Middle East at a time when Iran had the upper hand in the war with Iraq. The nervous Saudis and other states welcomed the Bush visit. Bush remembered how low prices had depressed the US oil industry in the 1960s, and he was convinced that the price collapse would devastate the US oil industry and so threaten US security. And he repeated that message all along his trip.

However, back home, columnists denounced him for coddling up to Opec and the oil industry, and the White House itself disavowed him. The price collapse was welcomed by almost everyone in the Reagan administration because it would, in the words of one Reaganite, "help the world economy and hurt the Russians". Yet Bush's warnings have been borne out in the years since: US oil output plun-

meted by 2m barrels a day - more than either Venezuela or Kuwait was producing before the invasion.

Privately Bush told the Saudis that low prices would create strong pressure for a US oil tariff which would discriminate against imported oil, including that from Saudi Arabia. The Saudis took that as a deliberate warning, as they looked to the US for their own security. The message of the Bush trip was that they would have to be attentive to the energy security needs of the US. Four years later, in 1990, the Saudis had reason to be glad that they had been responsive.

Bush is also motivated by many concerns in this crisis, beginning with the character of the international order in the aftermath of Cold War. He keeps copies of Amnesty International's reports on Iraqi torture in his office. He is a politician who operates on a personal relationships, and the way in which Saddam misled King Hussein of Jordan and president Mubarak of Egypt - and they in turn misled Bush - makes him think that Saddam is a totally unreliable and very dangerous man, especially in relation to nuclear and chemical weapons.

But Bush's stance on the eve of the January 15 deadline has also been shaped by his oil background. He believes that oil is critical to the prosperity and security of the West. If Iraq keeps Kuwait, then, in Bush's view, Saddam will in due course, as

the sanctions wear off, be in a position to intimidate and dominate the other weak states in the region. And Saddam's invasion indicated the kind of rules he would play by. In 1979, four out of five of the major oil states of the Persian Gulf were friendly to the West. Were Iraq to keep Kuwait, only two out of five could be considered friendly.

Ironically Bush has had more trouble building broad domestic support than he has in creating an international agreement, and still faces some Congressional opposition. In an effort to rebut criticism at home he said on the steps of the Pentagon: "Our jobs, our way of life, our own freedom and the freedom of friendly countries around the world would all suffer if control of the world's great oil reserves fell into the hands of Saddam Hussein." Bush would not have committed 400,000 US troops and built an unprecedented international coalition - and, indeed put his own presidency at risk - if he did not believe those words.

On the other side of the battle line in Iraq, oil and Arab nationalism have been the dominant political forces; and it is out of that brew that the violent, conspiratorial world of Ba'athism and Saddam Hussein himself emerged. The Ba'ath - or "renaissance" - party, which was launched in Damascus in the early 1940s came to hate the western oil companies operating in Iraq after the discovery of oil in 1927. The party was militantly pan-Arab, aiming to regain Arab "dignity" in a diverse collection of ethnic groups which Britain had split from the Turkish empire after the First World War, and placed under a constitutional government. The Ba'athists were fervent in their denunciations of the West and imperialism. They celebrated violence and absolutism in pursuit of their all embracing ideology and demands.

Saddam, whose father died just before his birth in 1937, was brought up by his uncle, Khairallah Talibah, a fervent nationalist from the Sunni Arab minority, who hated and despised European culture. For both uncle and nephew the lodestar event in Iraq was the pro-Nazi nationalist Rashid Ali coup of 1941, aimed among other things at driving British political and economic influence from the country. In the course of that coup, German aircraft attacked British forces in Iraq. When Iraqi troops threatened to fire on an aircraft evacuating British women and children, British soldiers attacked and the coup collapsed. Talibah was imprisoned for five years for his part in the coup. Afterwards he communicated his bitterness, resentment and hatred to his fatherless nephew.

Saddam was also shaped by the culture of Tikrit, which was remote from the national life of Iraq and orientated instead to the desert. At least, according to Iraqis from the much more cosmopolitan Baghdad, Tikrit's values of desert survival - suspicion, stealth, surprise and the use of force to achieve one's objectives - were the ones that Saddam absorbed.

It was during the tumult and enthusiasm that accompanied Egyptian president Gamal Abdel Nasser's victory at Suez in 1956 that Saddam was recruited into the Ba'ath party. The anti-imperialist rhetoric of the 1950s and Nasser's Voice of the Arabs remained with him ever after, and could be heard in his declarations both before and after the invasion of Kuwait. Shortly after joining the Ba'athist party, according to lore, he carried out his first assassination of a local political figure in Tikrit. In 1959, he was one of the assailants in the assassination attempt on Iraq's ruler, Abdul Karim Kassem.

Continued on Page VI

The divisive debate about dividends

DIVIDEND: THAT which is to be divided, according to my dictionary. The question for 1991, so far as listed company earnings are concerned, is whether the dividends should be paid out with any serious regard to the profits which are to be divided, or topped up in recognition of some sort of long-term payout strategy.

Already the panic buttons are being pressed by income-conscious investors, of which the M&G unit trust group is the most vocal. It would be quite wrong, according to M&G, for boards of directors to decide to cut dividends because of temporary cyclical trading difficulties.

Perhaps so, if there turns out to be a quick recovery. But is this prudent advice? It could be argued that this is a more sinister form of short-termism on the part of investment institutions than the willingness a year or two ago to accept juicy cash bids at short notice. Those decisions to sell out were arguably the logical result of applying a long-term valuation model. It is less easy to defend institutional pressure on companies to pay out dividends that are not being earned.

Many years of persistent inflation averaging about 10 per cent have brought British institutions to a dangerous position. The bond market, the normal source of regular income, has been killed almost stone dead: UK pension funds have only about 5 or 6 per cent of their assets in sterling bonds, and for unit trusts it is much less still. In less infla-

tionary countries investors rely on bonds for income and put money in equities only with more speculative objectives, seeking capital gains. This is most clearly seen in Japan, where the average dividend yield is still less than 1 per cent.

But in Britain the institutions invest in equities for a substantial and rising income: the average dividend yield today is 5.5 per cent. What is more, in many cases portfolios are actually valued on the basis of income. Actuarial consultants are unhappy with the idea of valuing pension funds on the basis of volatile share prices, even though the typical fund today is almost 80 per cent invested in equities. Instead they concentrate on valuing the income stream.

During the 1980s dividends grew very strongly - by about 15 per cent a year in the later years of the decade - and during calendar 1990 the growth was still 10 1/2 per cent for the All-Share Index constituents. But in the harsher 1990s some uncomfortable decisions are looming.

It is not just that by attempting to turn the Ordinary share into a kind of super index-linked bond the institutions have left hanging in the air the question of what might happen in a recession (which we have not suffered since 1981, when dividends rose by 3 1/2 per cent against 12 per cent inflation).

If high income unit trusts have to cut their own distributions to unitholders it will not exactly be the end of the world. The more disturbing possi-

The Long View



Cash-rich institutions are urging industrial companies to keep their payouts high and rising. Pension funds have become dividend junkies

ity, however, is that the end of the dividend bonanza might undermine the whole basis of evaluating British occupational pension schemes, and to some extent too the "with prof-

its" funds of life offices which also depend on income valuation models.

Remember that occupational pension schemes have remained in substantial surplus even though the stock market peaked nearly 3 1/2 years ago. This is because dividends on UK equities have remained so buoyant, having climbed by some 60 per cent since July 1987 against cumulative retail price inflation of 28 per cent and wage inflation of 35 per cent. Positive feedback has been in evidence: because dividends have been strong, pension contributions by companies have been cut back or eliminated altogether, profits have benefited and dividends have gone up even faster.

But what if dividends are cut? The consensus forecast for 1991 is that payouts will climb by 5 per cent or less. These forecasts by City analysts are, moreover, being eroded all the time as the full scale of the recession becomes apparent. At some point there is likely to be concern about the possibility of negative feedback: that sluggish dividends will undermine pension fund valuations, trigger higher contributions and erode profits just when they are under the greatest pressure from normal trading factors.

This year is bound to see concerted pressure from institutional investors on companies to keep the dividend flow up. If they are inhibited by the little matter of a shortage of cash, companies will be told that rights issues would be supported. But in a recession

company boards have other pressing concerns. If they are sacking some of their workers, and cutting the real pay of the remainder, can they really maintain the growth of dividends regardless? Moreover the takeover threat which helped loosen their purse strings in the first place has largely evaporated.

There are great puzzles in all this. Why are the investment institutions, which are bristling with cash, so eager to draw dividends out of the company sector, which is suffering its worst liquidity squeeze for at least 16 years? Have pension funds committed some 80 per cent of their assets to equities without understanding the nature of what they are invested in? It appears that they are trying to change the character of the dividend away from the concept of a risky participation in a variable surplus and towards the idea of protected bond income. But the risk cannot be wished away.

With good fortune the industrial recession will prove to be short-lived and profits will pick up later in 1991 and in 1992. The temporary dividend crisis could be weathered. But if the recession is more severe the whole basis of dividend levels will have to be reassessed, and some uncomfortable conclusions about pension fund solvency might be reached.

Pension funds have become almost immune to a stock market price crash, but are highly exposed to a dividend crash. Expect a lively debate about dividends in 1991.

GAMBLE OF A LIFETIME WIN £50,000

ENTER THE INVESTOR OF THE YEAR 1991 COMPETITION

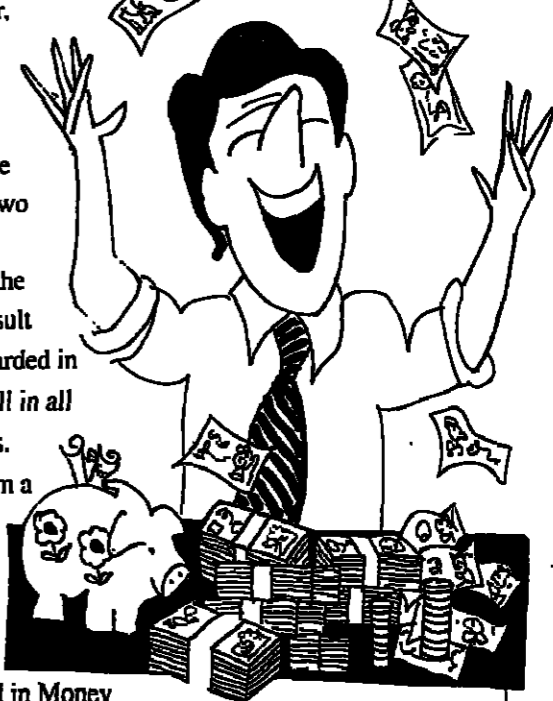
The 1991 Investor of the Year competition starts in the Observer this Sunday, 6 January.

Over the past 13 years, prize winners have come from all walks of life, and from all age groups. So whether you are a housewife or a student; a company director or an antiques dealer, young or old, you too can have the chance to become 'Investor of the Year'.

There is a total of £50,000 to be won. Starting in March, there will be two prizes of £500 for each month. The remaining £40,000 is shared between the six competitors who attain the best result covering 1991 overall, and will be awarded in 1992. The first prize being £20,000. All in all there are 26 chances to win cash prizes.

To enter you have to select from a list of 30 leading shares, the five you think will show the biggest percentage gain in their price. In other words, the best wealth creators.

Entry details are also published in Money Observer, the award winning monthly investment magazine. January issue out now



To find out more details, read the Observer tomorrow.

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Weekend FT writers explain how to keep going in a recession:

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MARKETS

LONDON

Reeling into the New Year

FOR A hungover stock market there are few more sobering New Year's resolutions than United Nations resolution number 678. If the reaction of equities this week is anything to go by, the eleventh hour peace talks between Iraq and the Americans inspire little confidence. Market makers seem to believe that 678 will be just another resolution broken within weeks of the New Year's arrival.

The Old Year departed on Monday still bearing the scars of some of 1990's worst news. Gulf uncertainty, recession and the demise of the mega-bid. The FT-SE 100 Index slipped from 2,160.4 to 2,143.5 in only half a day of trading. For those wishing to compare analysts' optimistic forecasts a year ago with 1990's actual closing figure for Footsie, that represented a 13-month decline of 279.2 points, or 11.5 per cent. Not a good year.

However, some equity analysts point out that fund managers and 1990 with a fair amount of cash in their pockets. Institutional liquidity, they add, may be enough to underpin the equity market even if war breaks out in the Gulf.

But after a year in which pure cash performed better than shares, the question is whether fund managers will want to spend that money on equities at all.

Gulf apart, the ill omens of recession should be enough to deter many investors. The prospect of doom failed to go away with the Old Year: two days into 1991, Sir John Quinlan, Barclays' chairman, warned that the British High Street banks might have to write off up to £20n during the year, because of recession. Of course, 1991 will have to be pretty dire if it is to plumb greater depths than the preceding 12 months. Figures released on Wednesday showed

that business failures increased by 35 per cent in 1990, against 1989. Some 24,442 businesses went bankrupt or into liquidation during the year - the highest number during the 10 years for which figures have been compiled. On the same day, looking forward to the New Year, the Chancellor reinforced the government's determination not to allow a downward adjustment of sterling within the exchange rate mechanism of the European Monetary System. This looks like becoming the hub of the new Major-Lamont axis in Downing Street (the Prime Minister himself rejected calls for devaluation within the ERM yesterday), but it means there will be little relief for the British industrialists struggling with a relatively strong pound. At the same time, interest rates will have to remain high to sustain sterling even at its current level. No wonder economists are

almost uniformly gloomy about the possibility of a rapid improvement in the UK economy this year. An average of forecasts published by the FT on Thursday suggested that inflation could come down to about 5.4 per cent by the end of this year, but at a hefty price to British industry: UK output is unlikely to grow by more than 0.1 per cent - that would be the lowest increase for nine years - while unemployment could rise to 2m by the end of the year.

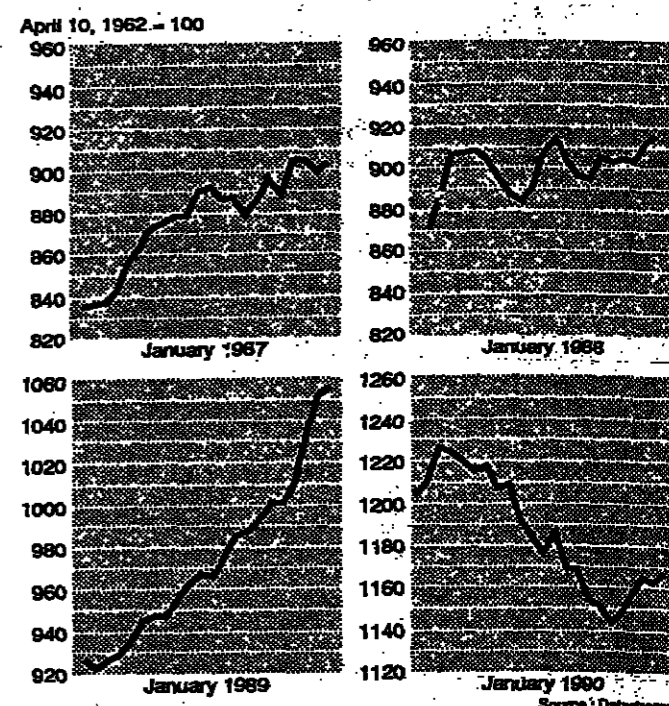
This could be another bad year for devotees of the January Effect, the old saw which says the stock market usually rises during the first month of the year. Last year dented the theory - the FT-Actuaries All-Share Index fell by nearly 3 per cent in the month - and the first days of 1991 do not bode well for this January's performance. Footsie closed last night at 2,126.1, down 34.3 on the week, and already 17.4 points lower since 1991 trading began on Wednesday morning.

It was a predictably quiet week in the corporate sector, but of the small amount of news which emerged, most was depressingly familiar.

A much-heralded deal disintegrated on Monday when British Airways abandoned its \$24m investment in a new European joint airline venture with Sabena of Belgium and KLM Royal Dutch Airlines. The collapse of the deal was blamed on Sabena's financial problems, a change of policy at the Belgian airline, European Commission objections and the squeeze on airlines caused by higher fuel prices.

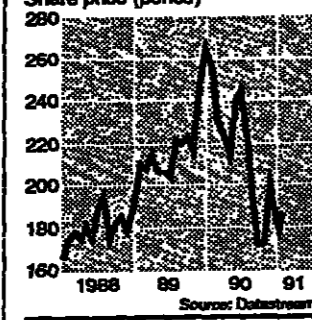
Easthope & Co - the chain which used to trade as Next the Jewellers - disappeared from the High Street on the last day of 1990, when administrative receivers were appointed. Worriedly for Easthope's erstwhile parent, Next, and fellow retailers, it was the slack pre-Christmas trading which sealed the company's

FT-Actuaries All-Share Index

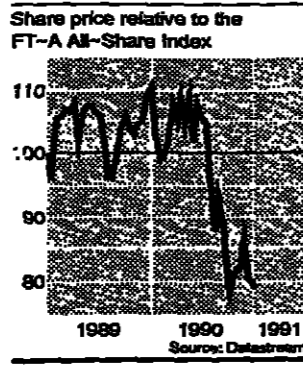


FINANCE & THE FAMILY: THIS WEEK

Guardian Royal Exchange



British Airways



Analysts' gloom deepens over GRE profit forecasts

Analysts revised downwards their already gloomy profits forecasts for one of the country's leading insurers, Guardian Royal Exchange, this week. Pre-tax losses of between £120m and £140m - up to £80m worse than previously expected - are on the cards when 1990 results are announced in a few weeks. The company made pre-tax profits of £148m in 1989.

The sale for a nominal sum of two loss-making Italian subsidiaries to GRE's joint venture partner in Italy, the Turin-based Istituto Bancario San Paolo, announced on Monday, prompted the review. GRE also revealed that it is making reserves against future claims from its motor, public and employers' liability business. Richard Lapper

BA shares suffer further blow

The Gulf crisis has been bad news for shares in British Airways. Higher oil prices have a direct impact on the airline's costs and the slowing economy restricts the group's ability to pass on the burden in higher fares. The group was forced to make a warning about second half profits in November. This week BA suffered a further blow when it was revealed that plans for a joint venture with KLM and Sabena had collapsed. Philip Coggan

Disquiet over pension investment returns

Employees and pensioners in company pension schemes may feel disquiet at this week's news that after a decade of excellent investment returns, UK pension funds last year recorded a negative return of around 11 per cent. However, if the scheme has salary-based benefits then there is no immediate worry since the benefit payments are independent of the investment performance. The employer carries the investment risk.

But long-term considerations do leave some cause for concern if these poor results continue over the next few years. The current surpluses will shrink and possibly disappear, thereby affecting the ability to provide pension increases. And more employers may be attracted to join the growing band of companies switching from salary-based to money purchase schemes, where the employee immediately suffers if investment returns are poor. Eric Short

Unit trusts feel the pinch

Unit trusts had a very bad year in 1990, with the average trust falling by 25 per cent on an offer-to-bid basis, according to Micropal. The top 25 trusts over one year were all gilt, cash or money market funds, with the bottom performers nearly all based in the Far East. The five-year figures are still led by the Schroders Japanese Smaller Companies Fund, although its lead is being whittled away. Over one month, US smaller companies funds top the tables. PC

Call to independent advisers

The financial magazine, Money Management, would like to hear from all independent financial advisers who offer a fee-based service to their clients. The magazine last year ran a successful survey covering the debate as to whether advisers should be remunerated by fees or commission. As a result, the magazine received many calls from the public asking for information on fee-based advice, but found that no available list existed of such advisers.

Money Management is now compiling its own list, not just of those advisers operating solely on fees, such as accountants, but where fee payment is part of a package offered by the adviser. Contact Janet Walford, Money Management, Greystoke Place, Fetter Lane, London EC4A 1ND. ES

INSIDE . . .

Ways to trim costs

Thinking of putting your financial affairs in order? If you want to make more of your money, you should try to maximise the return on your investments and minimise your tax. Sara Webb draws a checklist of things to bear in mind. Page IV

Minding Your Own Business

Jane McLoughlin meets Jane Down, known to all as Lady Muck, who seeks converts to her natural cosmetic cause. Down started her business because the muck was there, and where there's muck, there ought to be brass... Page V

Briefcase: Excluding the in-laws: Page IV

HOW SHARES HAVE MOVED

The following table shows the percentage movement in the FT 30-share index and its constituents during 1990. The FT-SE 100 Index is also shown.

	Price on Dec. 31	% change on year	1990 High	1990 Low		Price on Dec. 31	% change on year	1990 High	1990 Low
FT 30 Index	1673.7	-12.7	1968.8	1510.4	Glaxo	848	+8.0	932	889
ASDA	119	+3.0	127	87	Grand West	875	+7.5	931	514
Allied-Lyon	481	+1.3	520	406	Goldson	761	+10.9	824	628
BICC	331	-30.3	488.5	302	Hannan	185	-18.0	248	177.6
BOC	485	-13.2	611	438	Hawker Siddeley	439	-37.4	741	378
BT	321	-30.4	469	263	ICI	886	-23.6	1263	905
New Circle Inds	219	-14.8	271	163	Lucas Inds.	146	-8.3	174	102
Boots	320	+17.2	348	247	Marks & Spencer	228	+11.3	273.5	181
British Airways	143	-37.3	240	126	NorthWest Bank	287	-23.0	368	227
British Gas	225	-5.1	245	188.5	P & O	336	-15.1	687	482
BP	334	-1.3	384	302	Royal Inds	393	-35.1	588	337
British Telecom	284	-4.1	316	243	Smit, Bechtel A	633	-2.9	634	460
Cadbury Schwe.	318	-7.8	378	296	Tate & Lyle	274	-4.5	292	235
Courtauld	328	+1.9	391	287	Thorn EMI	677	-12.9	824	670
GRN	329	-23.4	454	285	Trusthouse Forte	245	-21.2	318	210
ICI	170	-24.8	245	109.4	FT-SE 100	2143.5	-11.5	2463.7	1990.2

*Adjusted for capital change

THE PSYCHOLOGY of a market is always a matter of debate. While there is little dispute about the negative forces hanging over Wall Street at present, the Gulf crisis and the developing recession - the question remains, which is exerting the more powerful pull?

On balance, after a week in which the Dow Jones Industrial Average lost more than 50 points, most analysts are convinced it is the latter. There is some logic to this. As the January 15 deadline for Iraq to withdraw from Kuwait looms, the public perception is of peace efforts being redoubled. On the one hand, there are the presidential overtures, with the suggestion of further talks in Switzerland next week; on the other, there is substantial congressional disquiet about the possible use of force.

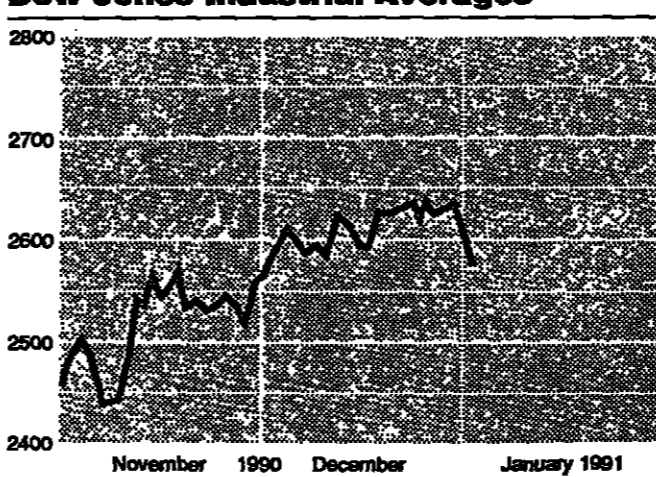
Moreover, if war does eventually break out, it is debatable whether US stock markets would react in sustained bearish fashion. The case for a downturn rests on the belief that war would be inflationary. This, in turn, would compound the country's economic woes, and could curtail the extent to which the authorities can ease up on the interest rate front.

Yet some analysts point out that such a scenario presupposes further significant disruption to oil supplies - a development not necessarily implied by any conflict. Indeed, the trend in oil prices in 1991 so far has been down, not up, in spite of a small reversal on Friday morning, oil prices shaded back on the futures markets during the week overall.

So the conclusion is that economic prospects remain the principal dampener on stock market sentiment. The next quarterly reporting season - which will not up the full

The old year's legacy persists

Dow Jones Industrial Averages



year 1990 figures for many companies - is just a fortnight away, and there was every sign last week of investors taking profits before a stream of potentially gloomy results unfolds. The damage to share prices was not large. As dealers returned from their New Year festivities on Wednesday, they were greeted by a near 1 per cent fall in the Dow, followed by a further 1.5 per cent drop on Thursday.

Interestingly, many of the stocks worst hit were those which have been viewed as the "safe havens" during the past year or so. Household products companies, such as Gillette and Colgate-Palmolive, suffered setbacks, as did solid

Line, for example, suggests that the investment service's analysts made downward revisions to earnings forecasts for 529 companies in the fourth quarter of 1990. Upward adjustments were applied in only 74 cases.

Only on Friday did sentiment shift slightly, when jobless statistics proved cheerier than feared. To the surprise of the pundits, the non-farm payrolls decreased by 76,000 - about half the 150,000 figure which analysts had forecast. True, the civilian unemployment rate still stood at 6.1 per cent last month, the highest level since June 1987. But the markets immediately concluded that the decline in the economy is at least proceeding at a rather slower rate. That, in turn, brought some stability to Wall Street. By noon on Friday, the Dow Jones Industrial Average had managed to claw back a couple of points, although it remained shy of the psychologically-significant 2,600-point barrier.

This is, however, a small and rather tentative measure of comfort. Already, 1991 has claimed a few more bankruptcies: a couple of Chapter 11 filings hit the wires on Friday, while USG Corporation, the largest gypsum wallboard manufacturer, announced a restructuring plan to avoid just such a scenario. Concern about many specific sectors persists. Retail stocks, in particular, took a canning as the grim December sales figures unfolded. In short, New Year may have dawned and the Christmas decorations returned to their boxes, but the old year's worries are less easily packed away.

Certainly, they have good grounds for being nervous. The latest report from Value

SMALLER COMPANIES

US revival, or a false dawn?

THOSE VALIANT souls still awaiting the smaller companies revival in the UK might consider casting their eyes across the Atlantic.

US smaller companies have recently staged a revival - as illustrated by the domination of such funds in the unit trust performance tables for November and December.

It is dangerous, of course, to assume anything from such a short period of unit trust performance. Already in January, some of the recent US small company gains have been lost, particularly in the healthcare sector.

But if statistics are anything to go by, the US smaller company sector is overdue for a revival. It has been underperforming larger stocks on a consistent basis since 1983. The NASDAQ index - a group of, generally small company, securities traded electronically - rose by only 13 per cent between June 1983 and the end of 1990; the Dow Jones Industrial Average more than doubled over the same period.

Other statistics show the same trend. The Russell 2000 index is another barometer of small company performance. The price/earnings ratios of companies included in the index reached a high, relative to the S & P 500, of around 14 in 1983. There was then a sharp decline to parity in 1987; a revival after the Crash; and then another precipitate decline to parity now.

Another way of valuing shares is to compare the share price with the net asset value, a method that Americans refer to as the price-to-book ratio. Here again the Russell 2000 reached a relative high, compared with the S & P 500 in 1983; its relative performance has declined fairly consistently since then.

Why have US smaller companies performed so badly over this period? After all, UK smaller companies were going great guns all the way up to 1989.

One reason is that the US market got terribly excited about smaller companies in the late '70s and early '80s. The "small company effect" had been well documented and new funds were established to take account of it. There was a hi-tech boom when for a while it seemed that two men and a garage was all one needed to create a billion-dollar computer company.

The bubble inevitably burst. As Davina Walter, manager of Henderson's US smaller companies fund recalls: "There was a spate of new issues of companies with no real track record. Many of the groups had difficulties and the sponsoring brokers walked away leaving investors stranded. The hi-tech groups" had difficulty surviving.

The result was investor disil-

Philip Coggan

New Year Quiz answers

Here are the answers to last week's Finance & the Family quiz. Please remember, there are NO prizes for correct answers, the quiz was just for fun.

1. Lord Hanson (Hanson wanted to open the bidding for Powergen but Department of Energy decided not to auction it).
2. John Elford Jones, chairman of Welsh Water, which bought a 9.5 per cent stake in South Wales Electricity in the first week of dealings.
3. Eurotunnel, which launched a bank refinancing package and rights issue to raise cash for completion of the Channel tunnel.
4. Sir Ernest Harrison, chairman of Rascal Telecom and Rascal Electronics, explaining his decision to unbuckle Rascal Electronics.
5. Jim Sherwood, president of Sea Containers, who beat off a hostile bid from Stena and Tiphook in January, by selling most of his group's Sealink ferries and container fleet to the predators.
6. Sir James Goldsmith's Haylake consortium, which abandoned its £13.5bn bid for BAT Industries, but claimed a moral victory because BAT had started selling or demerging peripheral businesses.
7. Molins, which narrowly escaped takeover by Leucadia National Corporation in May.
8. Irving Scholar, chairman of Tottenham Hotspur Football Club and ex-director of the company. He was censured by the Stock Exchange for conducting secret loan negotiations with Robert Maxwell.
9. Sir Ralph Halpern's. Sir Ralph resigned from Burton Group in November with a £496,000-a-year pension and a £2m pay-off.
10. Andrew Lloyd Webber, who borrowed more than £50m from Coutts to help finance the £77.5m buy-out of his stock market vehicle, Really Useful Group.
11. Sir Ron Brierley, whose demerger plan was defeated by Sir David, chairman of Vickers.
12. Mick Newmarsh.
13. Alan Jackson.
14. Nine.
15. Sketchley (of course).
16. Yes, it's Kuwait.
17. Parkfield Group, responsible for the A Year to Remember series of videos.
18. Atlantic.
19. In Mr Justice Vinelott's sickbed.
20. Norton.
21. Marmite, Bovril and Ambrosia.

Expatriate Quiz

Answers

1. By visiting the UK such that your annual average, struck over any consecutive period of four years, exceeds 90 days.
2. Never. They only express opinions, and only then if the matter is relevant to determine whether tax is immediately due.
3. The composite rate tax currently deducted from UK bank and building society interest and which is thereaf-

ter non-repayable. (But see question 6.)

4. No. Liability will, in any event, attach for the tax years in which departure from or arrival in the UK takes place.
5. Yes. Since the assessment will be raised on him, he is entitled to ensure that he has funds to pay it.
6. They can all claim tax relief for set-off against UK income, even when not resident there.
7. (b) MRAS. British subjects and certain others (see question 9) can also claim relief for pre March 14 1984 life premiums, but only by making an annual claim.
8. The sale of securities one day, followed by their re-pur-

chase the next morning. Expatriates frequently use this procedure to clear their investment portfolios of capital gains before resuming UK residence.

9. Yes! If while the investment was held sterling depreciated against the dollar, the rate of the value of the sterling share was sold could well be greater than the sterling cost of \$10,000 when they were bought. Indexation relief would reduce the impact somewhat.

10. (a) No. The gift is exempt without limit. (b) Yes, unless the value is covered by the £228,000 nil rate band and/or the £25,000 exemption applicable where gifts pass from a UK domiciled spouse to a non-UK domiciled spouse. But only provided that these exemptions have not been used by gifts made in the preceding seven years.

11. They are now taking the view that in the case of bondholders ordinarily resident in the UK, tax may be due under the anti-avoidance Section 739 on all income accruing within the bond, regardless of whether or not any payment is

made to the investor.

12. (a) Dow Jones, (b) Nikkei Dow, (c) Hang Seng, (d) Commerzbank.
13. (a) Offer price, (b) Bid price.
14. Independent financial advisers (as opposed to tied agents).
15. (a) Self Regulatory Organisation. (b) Financial Intermediaries Managers and Brokers Regulatory Association. (c) Recognised Professional Body. (d) Securities and Investment Board. (e) Life Assurance and Unit Trust Regulatory Organisation. (f) Investment Managers Regulatory Organisation.
16. False. She would receive the chattels, a "statutory legacy" of £75,000 and the income for life from one half of the remainder, in other words £250,000, the capital sum itself being held in trust.
17. (a) The transfer itself will attract no liability and the trust assets will remain outside the charge even if you subsequently become domiciled in the UK. (b) The transfer will attract an immediate liability and, in addition, the offshore trustees will have a continuing liability under the rules relating to discretionary trusts.

Nikki Tait

FINANCE & THE FAMILY

David Barchard looks at merger windfalls for savers

Play the takeover market through your building society

CHELTHAM & Gloucester Building Society this week announced plans for a merger with Portsmouth Building Society. As usual with these deals, Portsmouth members will receive a bonus in return for giving up ownership of their society.

The merger, which must be approved by members of both societies, is expected to take place by the end of June. Saving members of Portsmouth will receive a bonus of 1.75 per cent on their accounts. The amount will be based on the lowest balance in their accounts between December 20 1990 and the day before the merger comes into effect. In practice the closing date is likely to be June 23.

Mortgage customers of Portsmouth will be offered a reduction of 0.25 per cent on their interest rate for a six month period.

The 1.75 per cent bonus to savers is below the 2 per cent which had been forecast in the industry, but compares favourably with the 0.75 per cent paid to members of Peckham and Walthamstow Building Societies when they were taken over by C&G last year.

If you are not already a saver with Portsmouth, there is no point in moving your money to the society in the hope of a bonus. However, it may be worth savers thinking about which societies could yield an unexpected windfall.

The reason for the bonuses is that, though they never assert their rights, the legal owners of a building society are its members, both the savers and the borrowers. If they transfer their ownership to an outside body in a takeover, they are entitled to

compensation.

There are three situations in which this is likely to be the case:

■ the take-over of a small society with high reserves by a larger one;

■ a stock market flotation; and

■ a takeover of a building society by another kind of institution such as a bank or insurance company.

C&G, the "mergers king" of the building society world, has set the recent fashion for paying bonuses to the customers of smaller societies. Until its takeover of the Guardian, two years ago, such payments were rare. They depend on the society having a high level of reserves. Customers of Guardian building society, a fairly large London society with only one branch, received 4 per cent but this was exceptional.

Savers with Peckham and Walthamstow societies taken over in much less favourable business conditions, did less well.

Borrowers can also look forward to a modest gain from a merger, usually in the form of a small discount on their mortgage rate during the first year.

It is by no means clear that a larger society will always pay a bonus to take over a smaller one. To some extent it depends on whether the owners of building societies wake up to their rights or not - and whether they put their own interests first.

Mergers tend to be thrashed out not by the members of a society, but by chief executives meeting privately in smoke-filled rooms.

Last spring, customers of Frome Selwood Building Soci-



ety voted for a 3 per cent bonus on their savings from Stroud & Swindon rather than a 3 per cent bonus from C&G. They seem to have been swayed by arguments from the board that the Stroud & Swindon merger would be better for the society's staff.

What about the other two situations in which a bonus can be triggered? They will be most in evidence in conversions of building societies into companies, because the Building Societies Act requires societies to get the approval of an overwhelming majority of their customers.

Abbey National floated on the stock exchange in July 1989. Its members did well out of the change: they received 100 free shares, worth 140p

each then and now about 230p.

To qualify for a distribution of shares or bonus as a saving member when a society converts into a PLC, the Building Societies Commission now insists that a member must have been with the society for two years. This means that you have to choose your targets well in advance - and also that there will be some members of less than two years' standing, who will be entitled to vote on a flotation but not allowed to take the free shares.

If a society is taken over by a bank or insurance company, its members can expect large cash payments. The problem is that since Abbey there have been no other building society flotations and no outsider has

yet tried to take over a society. Those who put money into societies hoping for an early return have been disappointed.

However, most building societies seem to accept that outside takeovers will come sooner or later, though the depressed state of the housing market probably played a part in deterring would-be predators last year. It is even possible that hostile takeovers will come eventually. So, here are some tips for building society savers in search of a bonus:

■ Make sure that your account does confer full voting membership of your society. Some new accounts do not. For example, Halifax's cardcash account does not make you a member of the society, but Alliance & Leicester's cardcash account does. Check this point carefully: branch staff often seem to get it wrong.

■ If you have a savings account with a society that goes back several years, do not close it and make sure it is always kept well above the £100 level.

■ Bear in mind that smaller societies, particularly ones with strong reserves, are more likely to yield a merger bonus than a top ten society. Healthy small societies are also possible targets for takeovers from outside the industry.

Top ten societies have little prospect of a substantial merger bonus, though they may pay out if they convert to company status. There have been mergers between top ten societies for several years and if one happens, their size means that any handout to customers of large societies will probably be meagre.

Always assert your rights as the owner of your society and encourage other members to do so. This does not necessarily mean joining the rebel members' groups which now exist in the building society movement. It is more a matter of making sure that your board feels it cannot count on members' votes unless it respects their interests as owners when selling the society.

Sara Webb looks at a poll of prospective investors

Savers' favourites

IF YOU HAD an extra £100 per month which you had to invest, where would you be most likely to invest it?

When Mintel International Group asked the same question of a population sample, they received the following answers:

■ building society account - 23 per cent;
■ bank/building society account paying higher interest for regular savings - 24 per cent;
■ personal pension plan - 11 per cent;
■ bank deposit or savings account - 9 per cent;
■ Tessa - 8 per cent;
■ unit trust savings scheme - 4 per cent;
■ savings scheme linked to a PEP - 3 per cent;
■ share portfolio with a professional portfolio manager - 2 per cent;
■ with-profit endowment insurance - 2 per cent;
■ savings scheme linked to an ethical investment - 1 per cent;
■ unit-linked endowment insurance - 1 per cent and
■ don't know/none of these 7 per cent.

The information, which was compiled in August before Britain joined the ERM and therefore before the base rate was cut from 15 per cent to 14 per cent, illustrates attitudes rather than actual savings intentions. Indeed, if you only had £100 a month to invest, you would not be able to find a portfolio manager willing to look after such a small sum.

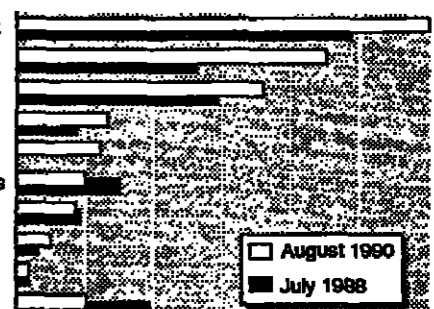
However, it does illustrate that among the British, the building society account is the clear winner. In fact, if you look at the actual ownership of various investments as illustrated in the bar chart, you can see that deposit accounts have increased in popularity over the last two years while unit trusts and non-privatisation shares have declined.

"Savings is clearly back in fashion, despite the squeeze on budgets caused by high mortgage interest rates," says the Mintel report. Mintel believes there are various reasons for this:

■ Equity-based media have been volatile and have underperformed, while interest rates have been high, provid-

Ownership of various investments

Building society account
Bank deposit
Life insurance
Not related to a mortgage
National savings
Privatisation shares
Non-privatisation shares
Unit trusts
Personal equity plan
Gifts
None of these



ing savers with a risk-free return. Investors may have opened deposit accounts with money that would otherwise have gone into the stock market.

■ Intense competition between the banks and building societies for deposit money may have resulted in savers opening multiple accounts with different banks and societies.

■ The collapse of the housing market may have dissuaded people from stretching themselves financially to buy a home, encouraging them to keep their money in savings rather than in property.

In spite of the government's commitment to wider share ownership, Mintel reports that investment in quoted shares has fallen.

"In 1987/88, Mintel and Treasury surveys found personal share ownership standing at between 19-20 per cent, of whom 13 per cent were holders of privatisation issues. Despite the largest of the public issues since, the Water Boards, this appears to have fallen to 10 per cent by the middle of 1990," the report says.

As might be expected, members of the AB social group are more active with a wider spread of investments than those in social group E. Clearly, the stock market crash in 1987 put many investors off equity-related investments and uncertainty over the Middle East has unsettled world stock markets in recent months.

"There is certainly a period ahead of considerable uncertainty. Wearing blinkers, Mintel's view is that Tessa must

redirect a substantial amount of money into the deposit sector if only on a contingency basis; equity investments, even without this added competition, were finding it difficult to keep pace with the demand for consumer funds," says the report.

On top of this, the UK investor faces the prospect of a general election by 1992, "which will cause varying degrees of uncertainty as the markets try to predict and discount its outcome in advance".

On a somewhat gloomy note, the report concludes that "information is no protection against disaster... greed or a simple herd instinct can lead anyone into making wrong decisions. Chart analysis, track records, all the paraphernalia of the investment advice industry, are no more than the record of past experience. Like the weather forecast, it assumes that past experience will be repeated. It is the only broad guide to the future available but it is by no means infallible."

Mintel points out that as the balance between risk and reward is always shifting, you must be willing to shift investments not only from product to product but from type to type. Any consumer with money saved or invested from years ago should keep up to date with major changes and review the arrangements from time to time.

■ Mintel Special Reports: Investments, is available from Mintel International Group, 18-19 Long Lane, London EC1A 9RE, price £750.

Behave with Tessa

IF YOU are one of the thousands who rushed to put money into a Tessa, or Tax Exempt Special Savings Account, on January 1, we warned that the inland Revenue will be keeping an eye open for cheats, writes Sara Webb.

You are only allowed one Tessa per person and the Revenue will be watching for savers, who try to "open more than one. For a start you are supposed to sign a declaration in your Tessa application that you do not already own another Tessa. You will also have to provide your National Insurance number on the application form and this will be used to compile a central register of Tessa-holders, as with Personal Equity Plans.

You can deposit up to £3,000 in your Tessa in the first year, and up to £1,800 in each of the four subsequent years until you reach a total of £9,000. You

will receive the interest tax-free provided you keep the Tessa for five years and leave the capital untouched. However, you can withdraw interest at any time, net of tax, before the five years are up. If you die before the five years are completed, the interest will be paid gross up to the date of your death; thereafter the account is treated as an ordinary deposit account and taxed accordingly. In other words, your Tessa would not be transferred to your heir as a Tessa but as a normal, taxable account.

The current Tessa rates on offer are published in the accompanying table. Remember to watch out for penalties though.

You are free to transfer your Tessa into an institution to another in pursuit of a more attractive rate, but some Tessa providers penalise deserters by charging them a fee or by withdrawing interest.

olded interest.

□ □ □

Chamberlain de Broe, the fee-based advisory group, has launched a combined TESSA and PEP which claims to offer a tax-free yield of 13.55 per cent for those investors with £9,000 to spare, writes Philip Cogan.

By saving the maximum £3,000 via the Save & Prosper TESSA and rebating the commission normally paid to financial advisers, C de B says it can offer a 19 per cent yield. This is combined with the KILK self-select Personal Equity Plan, under which investors choose to opt for cash. The £6,000 in cash can then be switched into equities when the prospect for a Gulf War has receded; the high initial yield earned will have significant compounding benefits over the life of the package. C de B will charge a fee of £50 plus VAT to arrange the deal; it will offer the PEP or TESSA separately.

TABLE 1: Investor aged 29 at outset paying £30 a month

	Payoff (£100 Jan 1, 1991)	% Change over Jan 1, 1989
10 year endowments		
CU	7,645	-1.4
GA Life	7,029	+0.6
Sun Alliance	6,547	-3.3
GRE	5,892	-10.8
25 year endowments		
GA Life	63,080	+12.4
CU	61,721	+2.5
Sun Alliance	52,429	-1.6
GRE	46,345	-3.3

Eric Short on the conflicting patterns for endowment holders

Bonuses could be a lottery

INVESTORS holding with-profit endowments which mature over the next few months may find the size of their pay-out is something of a lottery.

Much depends on the life company with which they hold the policy. On the announcements made so far, two companies have offered payouts over 25 years and two have reduced them.

Table 1 (above) shows the effect of these bonus announcements of these companies. The lucky investors holding 25 year endowments with General Accident Life see a 12 per cent increase - a payout that could be among the very best.

In contrast, investors holding Guardian Royal Exchange endowments suffer a reduction of 3 per cent on last year and receive less than three quarters the GA Life payout for the same outlay.

Investors holding GRE and Sun Alliance contracts should not be too surprised by the drop in payments. 1990 was a difficult year for investments with a return of around minus 10 per cent on UK equities,

while overseas equities fared even worse with a negative return of around 30 per cent.

But why have GA Life, and to a lesser extent Commercial Union, increased their payouts? After all, both companies admit that their investment performance last year was poor, though they claim it was not as bad as the market.

Both companies are in a strong financial position - primarily because they were cautious in making past bonus declarations. Thus GA Life and CU are in a position to maintain or increase payouts and to hold these higher rates without seriously weakening their financial strength.

Nevertheless, GA Life's actuary has protected his back by providing the increase in the form of a special reversionary bonus which could, if necessary, not be paid in 1991 or subsequent years - a more convenient and flexible move than increasing normal bonuses this time, only to be forced to cut them back in future.

Without this special bonus, GA Life would have had a much lower increased payout, as Table 2 (below left) shows.

But what can be expected by those investors with maturing policies where the life company has yet to declare its bonus rates?

Many life companies which had intended to cut payouts, are now probably reassessing the situation. A clearer picture is likely to emerge next week when Norwich Union announces its rates.

TABLE 2: GA Life 25 year endowment maturing Jan 1991

	Sum Assured	Reversionary bonuses	Terminal bonus
With special bonus	6,566	19,963	31,897
Without special bonus	3,854		
Total	63,080		
Jan 1990 payout	56,129		

A way to profit from Next

SINCE last February shares in Next, the troubled fashion and furnishings retailer, have fallen from more than 100p to just 13p and George Davies, the founder, has long departed the stage.

However, along with those buying the shares in hope of a recovery, there are those who have spotted an unusual way of profiting from the company's lowly market rating.

If you own 500 Next shares before the report and accounts are posted in the spring, you should receive a voucher

which, for a limited period, gives 25 per cent off any items bought at any of Next's stores.

The offer is restricted to just one visit to Next but there is no limit on the number of items that can be bought.

After dealing costs, 500 shares would cost around £80. So any purchase of £320 or more would make it worth taking up the offer. However, the company now says the scheme is under review - you have been warned.

James McCallum

WHO'S OFFERING TESSAS?

Top rate %	Bottom rate %	Top rate %	Bottom rate %	Top rate %	Bottom rate %
Abbey National	13.8	Cheshunt BS	13.33	Nationwide BS	14.0
Alliance & Leicester	14.5	Co-operative Bank	14.0	Northern Rock BS	13.5
Bank of Scotland	13.0	Coventry BS	13.5	Norwich & P'boro BS	13.0
Barclays Bank	13.0	Durfermine BS	14.5	Nottingham BS	14.0
Birmingham Cap. Trst	12.0*	Exeter Trust	14.25	Portman BS	13.5
Bradford & Bingley	15.0	FirstDirect	13.5	Principality BS	15.0
FirstDirect	14.0	Gartmore	13.0	Royal Bank of Scot'd	13.7
FirstDirect	12.0	Hinckley & Rugby BS	11.25	S&P/Fleming	15.25
Bristol & West BS	13.5	Halifax BS	13.5	Scarborough BS	13.0
Britannia BS	15.0	Leamington Spa BS	15.0	Seigton BS	14.0
Britannia BS	12.0	Leeds & Holbeck BS	14.0	Southdown BS	13.0
Britannia BS	10.5	Leeds Permanent BS	14.0	Staffordshire BS	12.75
Caledonian Bank	13.5	Lloyds Bank	13.5	Tipton & Cooley BS	15.0
Chesbank	13.0	Midland Bank	13.5	Town & Country BS	13.0
Cheltenham & Gloucester	15.37	National & Provincial	13.5	Woolwich BS	14.0
Cheltenham & Gloucester	15.33	NatWest Bank	14.0	Yorkshire Bank	12.5
Cheshire BS	14.5				

*Fixed over five years

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at		Frequency of payment	Term (see notes)	Amount invested £	Withdrawal (days)
		25%	40%				
CLEARING BANK							
High interest cheque	4.00	4.10	3.30	monthly	1	under 5,000	0-7
High interest cheque	8.10	8.40	6.70	monthly	1	5,000-9,999	0
High interest cheque	8.30	8.60	6.90	monthly	1	10,000-24,999	0
High interest cheque	8.50	8.80	7.00	monthly	1	25,000-49,999	0
High interest cheque	8.70	9.00	7.20	monthly	1	50,000+	0
BUILDING SOCIETY							
Paid up share	8.00	8.09	4.87	half-yearly	1	1-250,000	0
Instant Xtra	8.85	8.95	7.16	yearly	1	500-1,999	0
Instant Xtra	9.20	9.20	7.36	yearly	1	2,000-4,999	0
Instant Xtra	9.45	9.45	7.56	yearly	1	5,000-9,999	0
Instant Xtra	9.70	9.70	7.78	yearly	1	10,000+	0
90-day	8.45	8.67	7.73	half yearly	1	500-9,999	90
90-day	10.20	10.40	8.37	half yearly	1	10,000-24,999	90
90-day	10.70	10.90	8.79	half yearly	1	25,000-49,999	90
90-day	11.20	11.51	7.21	half yearly	1	50,000+	90
NATIONAL SAVINGS							
Investment account	12.75	9.50	7.65	yearly	2	5-25,000	1 mth
Income bonds	13.50	10.12	8.10	monthly	2	2,000-25,000	3 mths
Capital bonds	13.00	9.75	7.80	yearly	2	100 min.	3 mths
35th issue	9.50	9.50	9.50	not applica	3	25-1,000	9
Yearly plan	9.50	9.50	9.50	not applica	3	20-200/month	14
Yearly plan	5.01	5.01	5.01	not applica	3		8
MONEY MARKET ACCOUNT							
Schroder Wagg	10.43	10.94	8.75	monthly	1	2,500	0
Provincial Bank	10.24	10.73	8.58	monthly	1	1,000	0
UK GOVERNMENT STOCKS							
5pc Treasury 1991	11.50	9.54	8.31	half-yearly	4		0
5pc Treasury 1992	11.50	9.44	8.21	half-yearly	4		0
10.25pc Exchange 1995	10.80	8.29	6.74	half-yearly	4		0
8.5pc Treasury 1994	11.08	8.86	7.54	half-yearly	4		0
3pc Treasury 1992	6.72	6.92	6.44	half-yearly	4		0
Index-linked 2pc1994/95	10.82	8.33	8.44	half-yearly	4		0

*Lloyds Bank/Halifax 90-day. Immediate access for balances over £5,000.† Special facility for extra £10,000. ‡Source: Phillips and Drew. §Assumes 8.0 per cent inflation rate. ¶ Paid after deduction of composite rate tax. 2 Paid gross. 3-Tax free. 4 Dividends paid after deduction of basic rate tax.

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I am interested in the

FINANCE & THE FAMILY

A HOUSE of Lords decision six years ago in favour of the Inland Revenue seemed to have opened the floodgates for a judicial crackdown against all forms of tax mitigation. Revenue reverses since then, however, suggest that what seemed a rising tide was, in fact, the high water mark of anti-avoidance and that considerable scope for tax "planning" remains.

The 1984 case of *Furniss v Dawson* arose out of an attempt by the owner of a company, one Mr Dawson, to avoid a large capital gains tax liability on the sale of his shares. The "scheme" was that he exchanged his shares for new shares in an Isle of Man company and that company then sold them on.

On a step-by-step analysis of the transaction, the Revenue would have had to accept that no tax bill was triggered. Instead it argued - and the Court accepted - that as the Isle of Man company had been interposed solely for tax reasons - without any commercial purpose - its role should be disregarded. All that remained was a straight sale by Dawson to the outside buyer and a clear CGT charge.

Apart from the specific implications of this decision, some of the "loopholes" pronounced suggested that the Dawson case might be the thin end of a much larger anti-avoidance wedge. Lord Scarman, the former law lord, anticipated that the law would "develop from case to case", and asserted that until that process was at an end it would not be possible "to determine finally the limit beyond which the safe channel of acceptable tax avoidance shelves into the dangerous shallows of unacceptable tax evasion".

The tenor of these remarks created an atmosphere verging on hysteria in which even the most hallowed tax-saving techniques were thought to be under threat. But before the wider application of this "emerging principle" could be

A legal crackdown has failed to materialise, reports David Cohen

Green light for tax avoidance

tested, the Revenue suffered an unexpected setback in a case where the facts were strikingly similar to those of *Furniss v Dawson*.

Craven v White (1987) also concerned the use of a Manx company to try to defer the CGT liability which would otherwise have arisen on a share sale. The only difference was that when the intermediate share exchange took place, the decision to sell the company had not finally been taken; there was the alternative possibility of a merger in which

"The shadow of uncertainty has been lifted from a whole range of tax-saving devices"

case the Manx company might have been retained as a holding company for the merged business.

Although in the event the merger idea was abandoned and the sale went ahead, the fact that the ultimate outcome was not "pre-ordained" was sufficient to persuade the House of Lords to distinguish this case from *Furniss* and find in the taxpayer's favour.

Another Lords decision in the same year emphasised the importance of early planning. The *Manx* scheme was tried yet again but this time negotiations with the original bidder collapsed and the deal was subsequently done with a new purchaser. Since the sale to the ultimate buyer was not envisaged when the transaction

commenced, the Revenue once again failed to establish that this was a pre-ordained chain of events and so the taxpayer succeeded.

The inference from these cases is that even a scheme as artificial as that which was struck down in *Furniss v Dawson* can be viable provided the first moves are made before the final outcome is completely cut and dried.

If there is a wider principle which emerges from the hotchpotch of judicial statements in recent years, it would appear

to be that the mere fact that something is done for tax purposes does not mean the Courts can ignore it. The *Furniss* decision only supports the much narrower rule that two or more steps can be merged for fiscal purposes if some of the intermediate steps have been inserted solely to save tax.

The triumph of this restricted interpretation has lifted the shadow of uncertainty from a whole range of tax-saving devices. Techniques which should certainly be safe because they only involve a single step include:

■ avoiding a balancing tax charge on the disposal of an industrial building by granting a 999-year lease at a premium rather than selling the freehold

outright;

■ using a limited company to shelter the earnings of a high salary employment;

■ arranging for UK assets owned by somebody who is resident but not domiciled in this country to be held via an offshore company to minimise inheritance tax and CGT liabilities;

■ and creating artificial shareholding structures in a group of companies so as to enjoy tax reliefs which would otherwise be lost.

The latter point is well illustrated by a High Court hearing won earlier this year by the Sainsbury's food chain. Sainsbury's was majority shareholder in a joint venture with a Belgian company to establish the Homebase DIY group. The deal was for a 70:30 shareholding split, but Sainsbury's was advised that unless it held at least 75 per cent, it would not be able to offset initial Homebase losses against profits earned elsewhere.

So the joint company shares were held 75:25 but with the Belgians having an option to buy 5 per cent back and Sainsbury's having an equivalent "put" option to sell 5 per cent. Under either option, the price was to be the original cost of the shares plus interest.

Not surprisingly, the two parties continued to refer to this as a 70:30 venture - a reflection of the commercial reality that any fluctuation in value of the 5 per cent holding would be accounted for by the Belgians. Equally unsurprisingly, the Revenue challenged Sainsbury's group relief claim.

Sainsbury's victory must be seen as another nail in the coffin of the Revenue's offensive against artificial tax avoidance arrangements. Ironically, it was hammered in by Justice Millett who, as Peter Millett QC, had led the Revenue's successful assault on poor Mr Dawson back in 1984.

David Cohen is a partner in the City law firm of Paines & Co.

Don't be bound by a son's rules

MY SON lives in London and works for a large firm of accountants. He has been instructed that neither he, nor any of his near relatives, should hold shares in any of the companies for which his employer is the auditor.

My concern is that I intend to retire in the near future and expect to derive a substantial part of my income from active participation in the equity market. Clearly, I do not wish to jeopardise my son's position but I am unwilling to accept any such constraints on my share dealings. Has this instruction any validity? If so: (a) Who will deal with the practical aspects of keeping me supplied with up to date information as to who is auditing what?

(b) If my son's employer becomes the auditor for a company in which I currently hold shares, do I have to sell those shares, even at a loss?

(c) What would be the position with regard to shares that I already hold in the company (recently privatised) that employs me now, if my son's employer became the auditor? In this case it seems that I could incur a tax penalty by having to sell shares given to me as an employee's bonus.

The instruction to your son cannot control or affect how you conduct your affairs - except by some agreement between your son and yourself, which you are not obliged to enter. Rather than try to resolve the practical inconvenience which your queries point to we suggest that you get your son to raise these with his firm with a view to procuring a waiver of the instruction so far as your general share dealing is concerned, no doubt on your son's undertaking not to advise you on any of your dealings.

Losses and gains

IN 1974/5 I sustained a total loss of £2,946 on shares I transferred from my name to my son. This loss was carried forward to subsequent years, being finally reduced by gains of both my husband and myself until 1979/80, when it stood at £788. Since then any gains realised have fallen within the allowance. My questions are:

(a) Can this loss be set against gains realised in 1990/1?

(b) Can it be indexed, and if so from what date?

(c) How will the loss be affected between my and my husband?

The loss which accrued on the disposal of shares to your son is only deductible from gains which accrue on disposals of assets to him (by you). This rule was originally set out in paragraph 17(3) of schedule 7 to the Finance Act 1965, and is now to be found in section 63(3) of the Capital Gains Tax Act 1979 (Transactions between connected persons):

"(3) If on the disposal a loss accrues to the person making the disposal, it shall not be deductible except from a chargeable gain accruing to him on some other disposal of an asset to the person acquiring the asset."

The answers to your questions are therefore:

(a) Only gains realised (in 1990/1 or future years) on transfers of assets to your son.

(b) No.

(c) No, and neither would there be a stamp duty problem, since the consideration will only amount to £20,000 apparently.

Under the guidance of your

(c) It is only deductible from gains accruing on transfers to your son by you. You may like to ask your tax office for the free introductory booklet to capital gains tax, CGT14. From what you say, it looks as though your tax office has given you and your husband relief on part of the £2946 loss by mistake, over the years up to 1979/80.

Tax returns from Jersey

I SHALL have to make a UK tax return in April for the first time as a married woman.

I have been resident and domiciled in Jersey for 25 years, and I understand that I only have to return income arising in the UK. My husband and I were born in England. My UK income is made up of a pension of £875 and UK dividends of £1,631 after tax deductions of £244, a gross income of about £3,049.

I am 69 and assume that I am entitled to a personal allowance of £3,670.

My questions are: (a) Can I reclaim any of the tax deducted from my dividends? If the answer is yes, do I have to wait until the end of the tax year to make the claim, as the greater part of the dividends are paid by July?

(b) I appreciate that if the answer to both questions is no, I shall have to fall back on a claim for DIT against the Jersey tax paid on the dividends by my husband. In this case I might come back to you after consultation with the Jersey tax authorities on how to handle claim for DIT on tax paid in Jersey on my income by my husband.

■ Question (a) - Yes, you can claim back all of the tax. Question (b) - No, it is generally possible to make instalment claims (subject to a minimum of £50 tax).

It is not strictly correct to speak of "tax deducted" from your UK dividends. UK dividends have been paid without deduction of tax since 1973, but they carry a tax credit equal to income tax at the basic rate. This distinction is important in some cases, but not in yours.

Gift of a home

MY WIFE and I jointly own two houses. One was bought in 1969 and the other in 1985. The 1969 one has no mortgage; the property we bought in 1985 has a £30,000 interest only mortgage.

The 1985 house is registered with the Inland Revenue as our main residence as we eventually intend to move there permanently, but this might not be for several years. At the moment it is used frequently as a holiday home.

We would now like to gift the 1985 home to our two children.

(a) Would there be a CGT tax problem?

(b) If we survive for seven years, would this gift then be outside inheritance tax?

(c) How do we go about transferring the property?

■ (a) No, and neither would there be a stamp duty problem, since the consideration will only amount to £20,000 apparently.

Under the guidance of your

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the accuracy of the answers given. All inquiries will be answered by post as soon as possible.

solicitor, you and your wife should give a notice, on the day on which beneficial ownership passes to your children, that the 1989 house is to be treated as having been your main residence with effect from two years before the notice.

Since the interest on the mortgage of the 1985 house does not qualify for tax relief in your (and your wife's) hands because that house is not in fact your joint main residence - it is unlikely that your children will be granted tax relief on the interest either, because of section 787 of the Income and Corporation Taxes Act 1988.

This is one of the points which you should discuss with your solicitor, if need be. Meanwhile ask your tax office for the free pamphlet CGT14 (Capital gains tax: owner occupied houses) and IR65 (MIRAS).

(b) Yes, assuming that your children are over 18 and that there is no overriding third party claim, you and your wife (or either of you) can continue to use the house whenever you wish. Here again, you should talk things over with your solicitor.

(c) Your solicitor can prepare a conveyance (subject to the existing mortgage, if appropriate). If we have misunderstood your letter and your children are still minors - one of them is a minor - then the situation is more complex.

Victim of war

I HAVE a sterling bank draft drawn on the Bank of Kuwait and the Middle East in Kuwait on July 24, 1990. Both the Bank of England and Barclays

Bank - without giving reasons - have stated that the draft can never be honoured, neither now or at any time in the future, even when monies are unknown. I have had the draft checked for accuracy in the UK and it contains no error.

■ It may be that it is now past the date on which the bank would honour a draft drawn as long ago as you state. You should contact the bank's representatives in London to ascertain if the bank will agree to issue a fresh draft (against the surrender of the one you hold) once it is in a position to make payments against bills drawn on it.

A wall too high

I AM THE owner of a bungalow, built about 1977, which stands in a sizeable garden about a quarter acre square, which was bought by me in 1967.

One boundary of the garden used to have a dividing hedge about 7 ft high. My neighbour has pulled the greater part of this down and has replaced it with a red brick wall about 11 ft. He did not say anything to me about his intentions, and so far I have not voiced any objections.

My bungalow stands in the middle of my garden and my nearest window is about 36 ft from the wall, so it cannot be said that the wall dominates the room. Nevertheless, does my neighbour have the right to erect a brick wall of such a height without first coming to an agreement with me?

■ There is no restraint at common law which would prevent your neighbour building a brick wall on his own land such as you describe. However, as the wall is more than two metres high your neighbour would have required planning permission before erecting the wall, and could still be required by the local planning authority to remove it, or to reduce its height to two metres. You cannot however make the planning authority serve an enforcement notice; you can only invite the authority to do so.

Sara Webb suggests savings on investment, tax and bank charges

Ten ways to trim your costs

THE START of 1991 is a good time to think of putting your financial affairs in order, especially given the changes which are taking place this year. If you want to make more of your money, you should try to maximise the return on your investments and minimise your tax. Here is a checklist of things to bear in mind.

■ Put your bank or building society account in order. Many people keep the same bank or building society account for years and do not realise that the market has changed and that they might be better off with a different kind of account.

For a start, check whether your current account pays interest on the balance, and compare the rate with what is available. Does your bank or building society give you a cheque card, direct debit card, and cash withdrawal card?

■ From April 6 1991, Composite Rate Tax will be abolished. If you are a taxpayer, tax on interest will be deducted at source at the basic rate of 25 per cent. However, if you are a non-taxpayer, you should register with your bank or building society so that you can receive the interest gross.

■ Check your credit and charge cards and see how many of them are charging you an annual membership fee. Do you really need all of them? And rather than pay interest on the credit card balance, use your savings to pay off your bill; it is pointless earning interest at 10 per cent and paying it out at 25 per cent.

■ Choose tax-free investments.

On the risk-free side there are various National Savings products: savings certificates, yearly plans, and premium bonds are all free of income tax and capital gains tax.

Consider taking out a Tessa, a tax-exempt special savings account. For taxpayers, these have the attraction of paying interest gross, provided you "lock away" the capital for five years. You can invest £3,000 in the first year and up to £9,000 over five years.

If you are a non-taxpayer, you need to consider whether you want to lock funds away for five years and b) whether the rate is as good as with a normal bank or building society account, given that once composite rate tax is abolished you will be entitled to receive interest gross anyway.

Anyone who wants to invest in shares, unit trusts or investment trusts should consider using a Personal Equity Plan. This allows you to invest up to £8,000 worth of shares or £3,000 worth of unit or investment trusts in a tax-free form. You do not have to pay any income tax or capital gains tax on the profits, and your dividends are reinvested gross.

Of course, much depends on whether you think this is a good time to invest in equities, given the current uncertainty about stock markets.

■ Independent taxation. Have you considered whether you could pay less tax by rearranging your finances? Independent taxation came into effect in April 1990, but according to some advisers quite a few people still do not take full advantage of the opportunity to rearrange their assets in the most tax-efficient way.

With a married couple each partner is entitled to a personal allowance for income tax purposes of £3,005 and a capital gains tax allowance of £2,500. It may save you a considerable amount of tax if you want to lock funds away from the higher rate taxpayer spouse to a basic rate or non-taxpayer spouse.

■ Review your life cover: how much income would it provide a week for your family if you were not alive to support it and how would this compare with your current earnings?

Check your medical insurance, and the health cover provided by your employer. Remember that if you are over 60 years old you can obtain tax relief on the premiums for certain qualifying medical insurance policies.

■ Review your pension benefits. What will your pension be when you retire and from the pension arrangements made by different employers during your working life? You may need to top up your pension before it is too late.

■ Write a will. Dying intestate can cause terrible problems for your family, and result in the surviving spouse having to sell the home in order to divide up the estate between the children.

■ Plan for inheritance tax purposes. This can be a very complicated area, and one where you may need to seek legal advice. Transfers between husband and wife escape IHT, but problems can arise when the estate passes to the children or other relatives because only the first £128,000 escapes IHT. Therefore, the tax is levied at 40 per cent. A sobering thought and one which could make your heirs less grateful.

THE WEEK AHEAD

DIXONS, the electrical retailer, will probably do little to lift the depression embracing the retailing sector when it announces its interim results on Wednesday.

Analysts are expecting pre-tax profits to fall by about 18 per cent to £23m. What profits there are will derive from the group's financial services activities, interest receipts, and property development.

Food retailing has generally proved more resistant to

recession but Asda, the Leeds-based grocery chain, looks set to unveil a weak set of interim results on Wednesday.

The group is still grappling to get to grips with 60 stores it bought from Gateway. Overall, pre-tax profits may be down from £83.5m to around £60m although the company's following expects a strong pick-up in the second half.

The TSB Group becomes the first big clearing bank to report in the new year next Thursday, and its results will reflect the sharp impact of the recession on bad debts. But the TSB's results should also gain from the vigorous attack on costs which is now in full swing.

Analysts are forecasting profits of at least double last year's exceptionally poor £155m.

While the marketing campaign for the flotation of the electricity generators, National Power and PowerGen, gets under way next week, the 12 regional companies which were floated before Christmas will also shortly be surfacing again. Most of them are due to announce their results for the six months to end-September.

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DIRECTORS' TRANSACTIONS

THE NUMBER of directors' transactions announced this week has been far fewer than usual - hardly surprising in such a short trading week.

The chairman of Bett Brothers announced unchanged profits (with an accompanying positive statement) when the final results were released at the end of October. The price has fallen from a high of 142p this year with all but one of the directors picking up stock at 110p last week. The last published net asset value was 198p per share with the shares yielding 8 per cent.

C.H. Industries is also being bought following losses at the interim stage. The directors have not got this one right in the past, paying more than £1

last year, albeit for a small amount, compared with the recent purchases at 17p.

One of the most interesting announcements is the sale of more stock in William Morrison Supermarkets. The shares are trading at close to the high with most of the board tightening their holdings substantially in recent months. This is a trend among the food retailers over the last two years, with the price/earnings ratio now standing well above its traditional premium.

The sector, considered resilient in a recession, has been among the best performing over the last two years, with the price/earnings ratio now standing well above its traditional premium.

Angus Macdonald
Directors

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Atwoods	70,000	150	1
Crosroads	50,000	25	1
EMAP	23,850	48	1
Fosco	54,002	180	1
Morrison's	6,000	12	1
Quintess	35,000	20	1
Wagon Industries	6,675	24	1
PURCHASES			
Acacia & Hutchison	225,000	181	1
Bett Brothers	25,000	11	1
C.H. Industries	101,400	17	3
N. Brit. Canadian IT	5,400	15	1
Seaboard	13,742	14	2
Total	3,849,635	2,500	1

Value expressed in £300s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options ("if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 24-25 December 1990, 1990).

Source: Directors Ltd, Edinburgh

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share*	Market price	Price before bid	Value of bid	Bidder
Prices in pence unless otherwise indicated					
Audit & General	5 1/2	5	6 1/2	1.95	West Ind.
BTS Grp	12	11	15	1.98	Warner Cameron
Birmingham Midnt	95	93	90	13.62	BNP
Capital Leasing	144	141	118 1/2	112.47	BNP
Colony	160	178	158	16.5	Steeles
McLoughlin/Harvey	135	137	130	7.47	TSP Thompson
PMI Group Ltd	19	18	16	1.36	Rapallo
Do-Nom CV '95 Le	700	700	2	2.20	Rapallo
Rachon Env Servs	544	553	574	144.95	Stanley & Michels
SVC	327	325	325	12.16	Stanley & Michels
One Point	165	164 1/2	17	16.84	Cambridge Group

*All cash offers.†Cash alternative. ‡For capital not already held. ††Unconditional. ‡‡Based on 2.30p/m share 4/7/91. TAT suspension. §§Shares and Cash.

All cash offers. 1/2 cash alternative. For capital not already held. 1/2 condition. 1/2 Based on 23pm prices 4/1/91. 1/21 suspension. 5/25 Shares and Cash.

PRELIMINARY RESULTS

Company	Year	Pre-tax profit (£m)	Earnings (£m)	Dividends (£m)
First Nat. Fin.	Oct	36,380	(71,570)	18.0 (30.6)
Jersey Elect.	Sept	6,230	(7,150)	- (30.0 (27.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends* per share (p)		
Abstract Scotland	Nov	43 Lf	(9 Lf)	-	(-)
Gibbs New	Sept	567	(884)	-	3.0 (3.0f)
Stavert Zigmale	Sept	34	(30)	-	(-)
Turnbull Scott Hidge	Sept	729	(2,010)	-	(4.5)

FOOD & WINE

Cheap and cheerful bubbly

Jancis Robinson searches for drinkable fizz costing under £10 a bottle



ONE OF the most riveting social questions of 1991 is how Britain's new-found enthusiasm for champagne as a devil-may-care purchase, suitable for minor as well as major occasions, will weather the fact that so much of it costs closer to £20 a bottle than £10.

The price of Sainsbury's Extra Dry Champagne, the index of champagne at its most democratic, is admittedly still only £10.55 but it is a sign of rising costs every where and particularly in the Champagne region that it, with other supermarket own-label champagnes, is now well into double digits.

Oddbins, Wizard Wine Warehouses and a strangely upmarket bedfellow in this cost-cutting enterprise, Bibendum, of London NW1, all offered little-known champagnes at just under £10 a bottle in the run up to Christmas (and may still have limited stocks). Oddbins and Majestic meanwhile continue their crowd-pulling champagne offers of, respectively, seven bottles for the price of six and 15 per cent off a case.

But the price of brand leader Moët & Chandon (now sister brand to Lanson and Pommery as well as Veuve Clicquot, Mercier, Ruinart, Canard Duchêne and Henriot) has reached £16 at most shops and is still rising. So much for the index of *grande marque* champagne.

Will all these people who this time last year so casually and so often slipped a bottle or two of the most luxurious fizz in the world into their supermarket trolleys continue to do so?

Although the Champenois propaganda that all champagne is a cut above anything else has been absorbed by a wide range of these new consumers, I suspect not. Many would have regarded champagne as a wicked indulgence in the early 80s and may well revert to that view as champagne prices rise and as the quality of non-champagnes rises — although the best of them such as California's Iron Horse and Australia's Croser (both from Les Amis du Vin of London W1 and W2)

can now cost as much as the French prototype.

Now that fizzy dry white wine has etched itself a place in the social lives of new armies of Britons, is there anything that can take the place of champagne and cost less than £10 a bottle? *Weekend FT* wine correspondent Edmund Penning-Roswell and I set to work to find out. In a blind comparative tasting of 19 different dry sparkling wines only one, Bibendum's Beaumont des Crayères £9.89, was The Real Thing.

To the credit of both wine and taster, this champagne was Edmund Penning-Roswell's favourite. He particularly appreciated its assertive, fruity flavour, whereas I, churlish one, marked it down on that account (and because of its coppery tinge suggesting that not all of the pigments from the red Pinot grape skins had been precipitated).

Edmund also liked another very broad, rich wine that had clearly spent a nice long time in bottle, Rasmat Cava Chardonnay £6.99 (Gateway, Morrisons, Oddbins, Thresher, Victoria Wine) which would be appreciated by a wide cross-section of wine drinkers, if not perhaps by the most fastidious champagne devotees. What I was looking for was an appetising, well-balanced aperitif — not too green with harsh young acidity and not too opulently ripe as to be slightly sickly — which one could contemplate drinking in quantity at a party and/or before a meal.

On that basis both of us were impressed by Wizard, an Australian blend of the champagne grapes Pinot and Chardonnay grown near the Croser winery in the fashionable Adelaide Hills, although even Oddbins' price of £9.49 is only a notch under £10. It was a confident, well-balanced wine, quite but not overwhelmingly big and biscuity, and I could easily imagine asking for a second glass.

The exact nature of its fizziness was very similar to that of champagne, whereas I find many Spanish and Italian sparkling wines frothy rather than fizzy so that they are almost uncomfortable to drink. You feel you should be dribbling or burping instead of enjoying a neat and

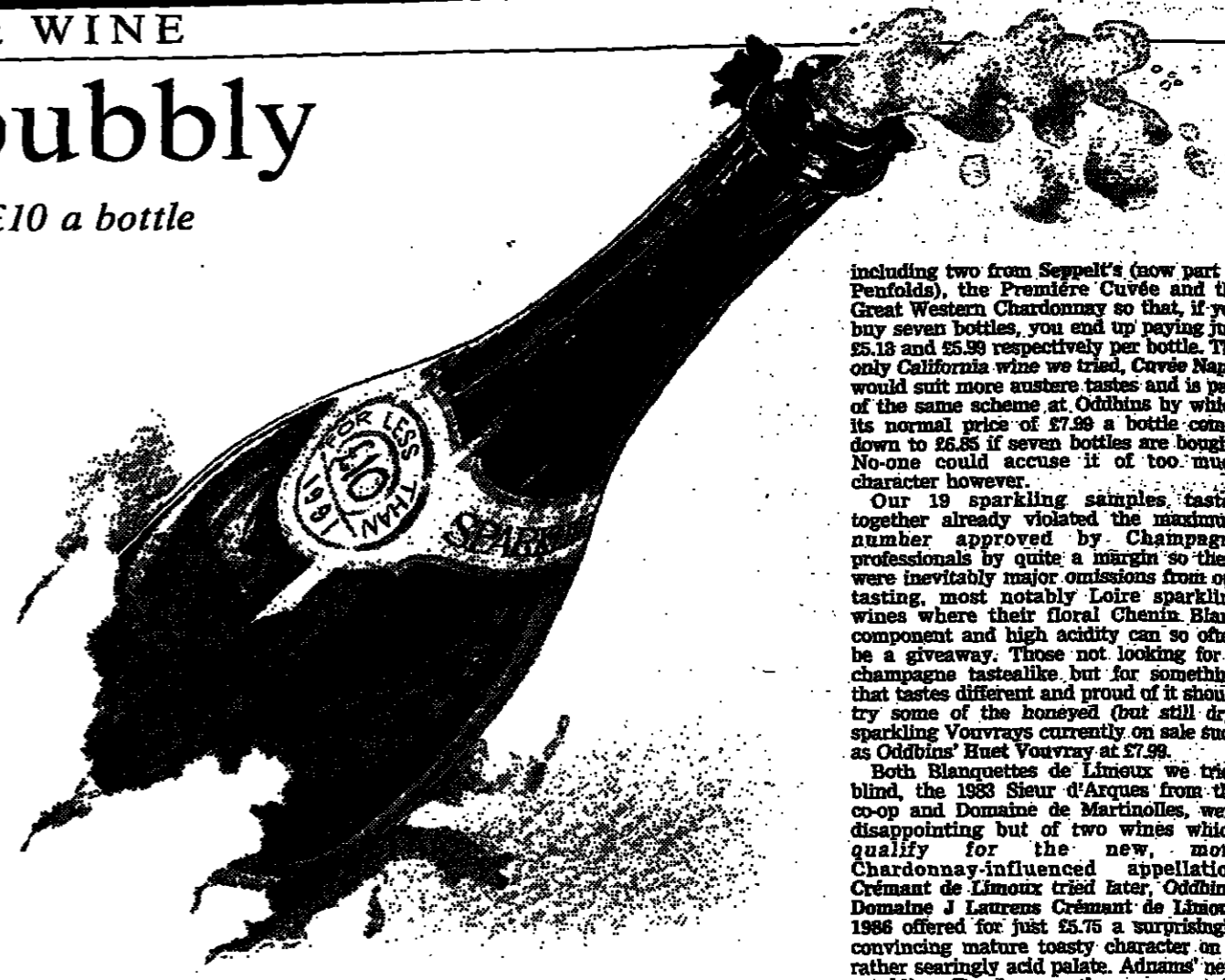
pleasurable explosion of tiny beads inside your mouth.

Two more wines we both liked as well-mannered, well-made alternatives to champagne — both of them marked by appetising dryness rather than camouflaged by too much sweetener like so much young fizz — were the quite widely available Pinot-based Crémant de Bourgogne, Cave de Lugny (£5.85 Gateway, £5.95 Waitrose, £5.90 Haynes Hanson & Clark of London W6 and SW6) and the new New Zealander Deutz Montana Brut (£9.99 at Oddbins). Champagne house Deutz dallied in Australia but finally settled on a partnership with Montana in Marlborough at the north of New Zealand's South Island to produce this creditable first release. The bubbles were a bit sluggish and this is clearly a very young, slightly gawky wine but it is clean, comfortable to drink and made very much in the image of a brut champagne.

The Crémant de Bourgogne is one of the best that is easy to find in this country. My notes say "quite substantial but dry, Bollinger style! Very young but I'd happily age this six months or a year." Edmund felt that this, like so many of these wines, had very little aroma, but it is certainly meatier than the Cave de Lugny's all-Chardonnay Crémant (labelled Blanc de Blancs) sold by M&S and Oddbins. And it's cheap.

The wines that follow would not please all. One wine Nadal (£5.25 Carley & Webb of Framlingham, £6.67 Moreno Wines of London W2 and W9, £6.75 Bin 89 of Sheffield) stood out as the bargain for those who seek the extra layers of flavour that come from age. It was clearly Spanish with its lemony, slightly sherbet-like tang but it was also clearly fully mature and just outside the Champagne region. Charles de Fère Tradition, £7 from Le Nez Rouge of London N7, was delicate but shared some of the Luxembourgish vapidity.

Of major Cava (Spanish champagne method) offerings, Codorní 1988 Première Cuvée, £5.65 from Victoria Wine, was cleaner and neater than Freixenet Cordon Negro 1987 (although one has inevitable



James Ferguson

doubts about the back label claim on a 1988 that it has been "aged for at least 2-3 years"). Both the Codorní and Turner's Cava tended to froth rather than fizz.

Australian sparkling wines have been delighting Oddbins' customers for more than a year now with Angus Rose (not in our blind tasting for obvious reasons) a favourite with those who like their fizz full, fruity and just £4.99. Until January 20 Oddbins are extending their "seven for six" promotion to six non-champagnes

including two from Seppelt's (now part of Penfolds), the Première Cuvée and the Great Western Chardonnay so that, if you buy seven bottles, you end up paying just £25.15 and £25.95 respectively per bottle. The one California wine we tried, Carve Napa, would suit more austere tastes and is part of the same scheme. At Oddbins by which its normal price of £7.99 a bottle comes down to £6.85 if seven bottles are bought. No-one could accuse it of too much character, however.

Our 19 sparkling samples, tasted together already violated the maximum number approved by Champagne professionals by quite a margin so there were inevitably major omissions from our tasting, most notably Loire sparkling wines where their floral Chenin Blanc component and high acidity can so often be a giveaway. Those not looking for a champagne taste-like but for something that tastes different and proud of it should try some of the honeyed (but still dry) sparkling Vouvray currently on sale such as Oddbins' Huet Vouvray at £7.99.

Both Blanquette de Limoux we tried blind, the 1988 Silex d'Arques from the co-op and Domaine de Marciac, were disappointing but of two wines which qualify for the new, more Chardonnay-influenced appellation Crémant de Limoux tried later, Oddbins' Domaine J. Laurens Crémant de Limoux 1988 offered for just £5.75 a surprisingly convincing mature toasty character on a rather searingly acid palate. Adams' new sparkling Chardonnay, the same as sold by Marks & Spencer at £5.50 tastes very young while the most popular Crémant d'Alsace, from Dönnat at Moulin, has clearly gained from some bottle age.

Edmund was slightly disappointed by the performance of Varichon & Clerc's sparkling Savoie while the current cuvée of Omar Khayyam from India was not as good as the one we had tasted two or three years back. Schrams Moët from Mosel, Mosel has invested in Australia did not thrill either of us and Cavalier, the only really cheap wine in the tasting, was all too easy to identify.

Chefs who understand value for money

Nicholas Lander on why restaurants must go out of their way to please in 1991



AFTER dinner in a top British restaurant one of this country's most respected hotel managers was talking to the chef-partner, complimenting him on the meal. The chef was unhappy. Pointing to two empty tables the chef said that if this carried on he would have to put his prices up, yet again. More realistically, the hotel manager went away and increased his prices for the next months below the expected rate of inflation.

He did this because he knows from long experience that for the general public, his staff and chefs, not to mention the shareholders, restaurants are depressing when they are empty. They are busy and budgeted to be bustling and few people like to dine alone. The waiting staff make more money. Chefs like the adrenalin running through their veins that a full house brings and enjoy watching their food being eaten.

Achieving this is not easy, but it is the only long-term solution. When faced with declining custom and rising costs too many restaurateurs put their prices up, a practice which not only frightens off new customers but temporarily, and often irrevocably, hides inefficiency. It is also what their existing customers want. Change the table slips from linen to paper, put off painting the entrance and cut down on the number of complimentary drinks, but do not put the prices up.

In New York where money talks, restaurateurs have been pursuing this policy since early 1980 with the assistance of restaurant consultants, professionals barely known in the UK. Acting partly as time and motion engineers, and partly

harbingers of market demands, they have overhauled cost structures and menu prices. They have watched, for example, how long it takes to cook, slice and arrange a rack of lamb on a plate. One restaurant was charging £27.50 (£14.60) for that. It was replaced with a leg of lamb that could be sold, just as profitably, at £17.50. Turnover has improved and the restaurants are still in business.

These changes are not easy to accomplish as they can involve changing some of the preconceived notions behind a restaurant's creation. But, if the 1990s are to be the decade when the customer is king — and not the chef as it was in the 1980s — then they must happen. These changes are more difficult in this country because we still see going out to eat as a special occasion rather than a daily pleasure. We still expect a great deal without realising that labour is no longer cheap and that everything must find its way on to the bill. We resent what abroad is seen as good housekeeping and in Britain as an attempt by the owner to maximise profits — the French habit of holding on to the same set of cutlery for some first and main courses, for example.

There are chefs and restaurateurs up and down the country who are aware of the importance of value for money, and they are far more numerous than those listed here. In addition, restaurants are being opened which show considerable imagination and rigid cost control.

Some time ago chef Antony Worrall-Thompson opened 190 Queensgate, in London SW7. The food in the restaurant was so complicated and rich for its size that it was opened in Brompton 190 alongside it. This serves a wide range of interest-

ing and substantial dishes at fair prices. More original in concept is Tall Orders, which first opened in Fulham, south west London, and now has another London branch in Soho. All the dishes are the same price, £2.95, and served in dim-sum sized dishes as though at a Chinese lunch.

You make up your own meal with as many dishes as you like. The main criticism is that the tables are not usually big enough to accommodate the meal in its dismantled form.

At the corner of Brewer Street, a Japanese restaurant, Hamine, has opened what must be one of the very few Japanese restaurants that can genuinely be called cheap. It has managed to achieve this not by appearing uncared for and dirty, rather the opposite. Its appearance is attractive, clean and bright, and the food is good, but it cuts its running costs to a minimum. There is one menu, from which you order as you walk in and you pay at the same time; you find a table or sit down on a bar stool and the food, average prices, is brought to you by a naturally courteous Japanese waitress. It is ideal for a quick lunch, a sit-down after a shopping expedition in Regent Street or a pre-theatre meal.

Two other factors may halt the rising cost of eating out. Rent and business rates are still the highest fixed costs in any restaurant's makeup but the weakness of the property market may lead some landlords to recognise the long-term potential of a successful restaurant on their sites. Olympia & York, in its campaign to attract custom to Canary Wharf, has already included a leading British chef in its advertising campaign.

The second change may be, at long last, the emergence of the pub as a venue where you

WEEKENDS AWAY	
Beetle & Wedge:	Moulsham, Oxfordshire 0491-551381
Dundas Arms:	Kintbury, Berkshire, 0488-68263
Royal Oak:	Yattendon, Berkshire, 0635-201325
Spencer's Arms:	Walton-Niddardale, Yorks, 0423-711308
Woodman Arms:	
Auberg:	Hassell Street, Hastings, Kent, 023-375 250
LONDON	
Alibi:	107 Whitelcross Street, EC1, 071-588-1798
Bistro 190:	190 Queensgate, SW7, 071-581-5866
Chinon:	25 Richmond Way, W14, 071-622-4082
Fung Shing:	15 Lisle Street, W1, 071-437-1539
Hamine:	84 Brewer Street, 071-439-0785
Lahore Restaurant:	218 Commercial Road, E1, 071-791-0112
Le Chausson:	35/37 Parkgate, SW11, 071-223-1611
Tall Orders:	676 Fulham Road, 071-373-9973
	21 And's Place, NW1, 071-814-4941
	14, Chalk Farm Road, NW1, 071-267-9820
	85 Fleet Road, NW3, 071-794-4792
Tham Bink:	
Zamoyk's:	
OUTSIDE LONDON	
Ard-Ha-Collie Hotel:	Newtownmore, Scotland, 054-03 214
Armadillo:	Liverpool, 051-236 4123
Braeval Old Mill:	Aberfoyle, Scotland, 087-72 711
Dickens:	Wetherfield, Essex, 0371-850723
Epworth Tap:	Epworth, Humberside, 0427-873333
French Partridge:	Horton, Northamptonshire, 0604-870033
La Brasserie:	Swansea, 0782-698983
Le Lion:	Bristol, 0272-689458, Plas Bodegroes, Pwllheli, 0765-612363
The Triangle:	Glasgow, 041-221 8758

can eat well. The simplistic answer to why one can eat reasonably cheaply in France *en famille* and not in the UK is that pubs, conveniently located on 50 many street corners, have largely chosen to restrict themselves to beer-drinking men with crisps as the only nourishment. In the panel are five pubs that serve good food, have rooms and could easily provide a reasonable substitute for a weekend in a more luxurious but expensive, country house hotel.

Much more down market has been the spread of Harvester Restaurants, now 74 in number with a further 21 opening this year, which began as annexes to Courage pubs. Operated by Truhotons, they serve casual, at very reasonable prices, for the whole family and encourage you to spend far more time than the seven minutes McDonalds wants you in its establishments.

The most immediate consequence, however, of us all watching what we spend eating out over the next 12 months may be the emergence of those working "front of house." Service will not just be carrying the chef's designs from the kitchen to the table

but caring for the customer and encouraging his, or her, return. Two recent meals convinced me just what a difference, in both cases, a good waitress can make.

At Le Chausson, London, SW11, the Irish fiancée of the French chef sells her husband's food with passion. At Alibi, near the Barbican, I watched in awe as the manageress informed two tables of that, because of an over-estimate of the number of guests given each other's food but that they had both begun eating without noticing, she performed this with such charm that everything ended in smiles.

An interested and caring member of our waiting staff must be aware of criticism or complaint and it is appealing to this which is your best safeguard against disappointment when eating out.

Do not be afraid to complain, but if it is difficult to do so during the meal, make sure that you do it by phone or letter straight after. In the restaurant world 1991 will be a buyer's market but restaurateurs and chefs cannot correct mistakes unless they are quickly brought to their attention.

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he had won. He was further building his own massive cult of personality. Meanwhile, from early 1980 onward, the signals multiplied that the "old Saddam" was back in the saddle — from his stark and belligerent rhetoric to his stepped-up campaign to acquire chemical, nuclear, and other weapons and unprecedented "strong arm" tactics in relation to other Opec countries.

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But by pouring inordinate resources into its military machine, Iraq had fallen into deep financial trouble. The invasion of Kuwait offered Saddam an apparently easy way to replenish his coffers and write off his debts. But he was also motivated by the same grand objectives that had led him to invade Iran a decade before — to

Lean, not mean

Philippa Davenport gives a lesson in home economics



ECONOMY IN the kitchen conjures up a choice of attacks. These range from scrooge-like epicurean. So size up your character and take your pick.

1. Most drastic and some would say most desirable after the culinary marathon of the Christmas indulgence, is to go on a diet. This is the way to win twice over: lose pounds imperial put on by feasting while saving pounds sterling. A week of fasting on crudites, grapefruit and the occasional slice of wholesome bread (frugally smeared with Marmite should bring added bonuses — a reduction in fuel bills as oven and hob lie silent while saving wear and tear on the cook. This last point is the one to stress if you hope to avoid being branded as incredibly mean.

2. Modest but noticeable savings on fuel can be made by being less profligate. Everyone knows, but tends to forget, it is thriftier to fill an electric kettle to the brim to make just two cups of coffee, and unless you want to make masses of toast it is cheaper to use a pop-up toaster than the grill.

When you use the oven, use it to the full: for example baking a rice pudding or custard and drying out meringues or turning leftover breakfast toast into elegant curls of Melba toast while cooking a casserole. Remember that many vegetables cook well in the oven. Gratings and braises are very adaptable about temperatures and timing so they tie in well with all sorts of meat and fish dishes.

Red cabbage does best at low casserole temperatures, and floury potatoes can be baked very successfully at the same time but rub their skins with oil and salt to prevent them going a wrinkly elephant grey.

Root vegetables are delicious simply seasoned and baked in a moderate oven in small parcels of oiled or buttered grease.

Alternative suggestions for a little modestly-priced panache include home-made focaccia served with a salad of bitter leaves, wild rabbit risotto, soup

proof paper and foil. Also to be recommended is "grilling" chicken joints and sausages in the oven. Lay the meats on a rack over a gratin or baking dish to catch the fat that drips from them during cooking.

Steaming is another healthy cooking method that is economical on fuel. Chinese bamboo steamer baskets are best as they can be stacked, tier upon tier, like high-rise flats over a soup pan. With a little ingenuity, the architect cook can thus produce a three-course meal and hot dinner plates off which to eat them using a single source of heat.

3. A major cause of extravagance in most kitchens lies in failing to shop and plan menus wisely. Just as the mustard left on the side of our plates is evidence of Mr Colman's profits, so the contents of the kitchen wastebin are a shameful graphic display of housekeeping losses.

Reasonably priced chicken is a genuinely economic buy for the budget-conscious cook who is prepared to use the remains of today's bird tomorrow and its carcass the day after that. On the other hand, a dish which uses half a tin of anchovies works out every bit as expensive as (and probably less delicious than) one which uses a whole tin if you find the leftover half growing grey with mould in the back of the fridge a week later.

Few things are more depressing to my way of thinking than cheap dishes that scream their virtuous budget worthiness. Any meal that majors on carrots and mince falls into this lacklustre category. Menus that wear their miserly nature less obviously are infinitely more appealing.

If they suppose a hint of frivolity so much the better. Currently fashionable as well as cheap are such ingredients as lentils, couscous, salt cod and pigeon.

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sealed in individual bowls under puff pastry lids, *œufs sautés* with lashings of fried breadcrumbs to foil the smooth oniony sauce, a gratin of Jerusalem artichokes finished with a sauté of chicken livers, phyllo pastry parcels, any dish containing mince, devilled pheasant legs (not to be served to those with their own freezerful of pheasants), spiced chicken coffee jelly, and cranberry kisel served with home-made biscuits.

The only trouble about the majority of such dishes is that the lack of money spent on the ingredients has to be compensated for by time spent on their preparation and cooking.

5. No such unfortunate backlash spoils my final solution, I hope — a defiantly celebratory way to save on the money you spend on food. It involves a little lateral thinking but sticks within the austerity guidelines of the cook's budget: cut down on eating in restaurants and put some of the money thus saved towards eating in. That way you can spend less and splash out simultaneously. £10 per head won't go far in a restaurant. At home it will allow a feast.

What is more, this play-acting of the cook's budget suddenly becomes large enough to afford to indulge in foods that require the minimum of cooking: smoked salmon, potted shrimps or oysters to kick off maybe, with plain grilled steak or beefsteak *à la maitre d'hôtel*, and a salad to follow.

Or perhaps you would choose to blow most of the money on grilled lobster for a main course, with classic *œufs en cocotte à la crème* to preface it. If you want more, a little chicken would round off the meal nicely or you might consider offering a bowl of clams, times and a slab of Benedict's.

Sporting and Military chocolate with coffee. How agreeable to save money and be filled with a sense of luxury, not gloom and doom.

Kuwait: Saddam's big mistake

Continued from Page 1

The attack on Baghdad's main street, failed, and Saddam, wounded in the gunfire and under a death sentence, fled to Egypt. On his return in 1963, he organised the Ba'athist party's underground militia. The Ba'athists seized power for a second time in 1968, and Saddam would soon emerge as the strongman of the regime.

In 1973, at the time of the Yom Kippur War, Iraq opposed the institution of an Arab oil embargo. Instead, it wanted all US interests in the Middle East to be immediately nationalised. When the other Arab countries refused to agree, Iraq sold as much petroleum as it could at rising prices, while Saddam blasted the governments of Saudi Arabia and Kuwait as "reactionary ruling circles well known for their links with America".

Only in 1979 did Saddam finally assume the presidency of Iraq, replacing Ahmed al-Bakr, cousin of his uncle, As President, he quickly established his already considerable reputation for brutality, killing many members of the Ba'athist party and taking their families hostage to force "confessions" before execution. He was ruthless and emotionless towards those he considered enemies, threats or obstacles. Video cassettes circulated in the Middle East showing the bodies of executed military officers displayed on meat hooks.

The new Iraqi regime was dominated by

Tikritis, many of them related to Saddam. So obvious was the grip of this new dynasty that the mid-1970s saw the emergence of the use of names that indicated clan, tribe, or place of origin. At the top sat members of Saddam's Talfah family and two other immediately related families, the only people he could trust who happened to be both Saddam's cousin and son-in-law, became chief weapons buyer and responsible for the development of nuclear and chemical weapons and missiles and then, after the invasion, also took over the post of minister of oil.

Iraq had continually expansionist ambitions. Both before and after the Ba'athists took power, Iraq claimed that the oil-rich Kuwait was a missing province. In 1980 Saddam saw an opportunity in Iran during the chaos that followed the Shah's fall and the return of the Ayatollah Khomeini. When he invaded Saddam was seeking enticing prizes: control over most of Iran's oil in south-eastern Khuzestan; and leader-

ship both in the Gulf and the Arab world in the vacuum left after the Shah gave up the role of regional policeman.

The objectives would seem familiar a decade later when he invaded Kuwait. But his war, which was meant to be over in weeks, turned into an eight-year struggle, leading Iraq in 1988 and 1987 to possible defeat on the cost 500,000 casualties and a huge drain of resources.

He turned to conservative "brother" Arab states that he had previously vilified, principally Kuwait and Saudi Arabia, to bail him out financially. He also began to cultivate internationally a new image of being pragmatic, realistic, moderate, and "a man with whom one could do business". He also used his new chemical weapons against the Iranians and, on the side, against Iraq's own Kurdish population. From 1984 onward, the US saw its interests as parallel with Iraq's and those of the moderate Arab states as containing Iranian expansionism. Washington hoped that Iraq could be drawn into "the community of nations", and Saddam, with his back against the wall, fostered the idea.

When the war ended with Iran's acceptance of a truce in 1988, Saddam acted as if

he had won. He was further building his own massive cult of personality. Meanwhile, from early 1980 onward, the signals multiplied that the "old Saddam" was back in the saddle — from his stark and belligerent rhetoric to his stepped-up campaign to acquire chemical, nuclear, and other weapons and unprecedented "strong arm" tactics in relation to other Opec countries.

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But by pouring inordinate resources into its military machine, Iraq had fallen into deep financial trouble. The invasion of Kuwait offered Saddam an apparently easy way to replenish his coffers and write off his debts. But he was also motivated by the same grand objectives that had led him to invade Iran a decade before — to

become the dominant Arab leader and a military superpower.

Here, he miscalculated the international response. His miscalculation in 1980 about Iran almost cost him his regime; he was saved by his willingness to impose huge sacrifices and by his willingness in winning over countries that only recently he had castigated. No scruples stopped him from abruptly changing course then. Later it took only him only a moment, after the invasion of Kuwait, to hand back to Iran all that Iraq had gained from the war. From Suez, he is applying the lesson of splitting one's opponents. He also has a tool not available to Nasser — world television — and he is effectively using it.

Rationality says that there will be no war, and no doubt diplomacy and "peace initiatives" will intensify in the next several days. But wars so often happen because of miscalculations of one kind or another, and there is now much room for misunderstandings and mistakes.

Oil may have brought George Bush and Saddam Hussein to this common point, this confrontation, but there is little common ground between one shaped by the open, pragmatic, give-and-take of US pol-

tics and the other by the conspiratorial and absolutist politics of the Ba'athist party. George Bush certainly does not easily understand the mind of Saddam Hussein, but he does know that he and other leaders were badly misled by Saddam on the eve of the invasion. So Bush will put very little stock in any promises from the Iraqi dictator. He will look for actions.

Nor can Saddam understand Bush. Saddam must know the weaknesses of his own military force much better than the west, in spite of his rhetoric. But, with little experience outside the Arab world, he is probably being misled by the discordant US political debate that he is attentively monitoring on the Cable News Network in Baghdad. He risks the same mistakes that many have made over the years — underestimating George Bush. The Iraqi may not grasp how Bush sees the stakes nor recognise the determination in the president's character. He also probably underestimates Bush's willingness and resolve, acting under a UN mandate, to meet force with force. This may be yet another miscalculation, which, sometime in January or February, could prove to be a very grave one for the world.

© Daniel Yergin is the author of *The Prize: The Epic Quest for Oil, Money and Power* from which this article is adapted, which will be published in London on January 21 by Simon and Schuster.

TRAVEL

More pistes for your pounds in Europe's bargain month

There are plenty of value-for-money holidays on offer, even in the heartland of Euro-skiing — Switzerland, Austria and France. Arnold Wilson reports



ONE OF THE best bars in Telluride, Colorado, is called the Last Dollar Saloon. Times may be hard in Europe, but few skiers are actually impoverished. There are no "last franc" bars in Switzerland, and there are certainly reasonably-priced ski holidays to be had there if you know where to look.

Ski holidays come in four categories: cheap, "value-for-money" (which usually means expensive), serious arm-and-leg, and holidays in January.

Mark Chitty, managing director of Mark Warner (071-939-1861), the chalet specialists, is convinced that January is the answer: "It has always been an unfashionable time to go skiing," he says. "It used to be because of the cold but in recent years it has been because of poor snow expectations. This winter the snow is excellent and prices are ridiculous. Basically, we're talking about £250 for a week's skiing, including half-board and afternoon tea. We're hardly covering our costs at that price."

Even if the money in your pocket has dwindled drastically since last winter, it is not necessary to abandon the traditional high ground of European skiing — Switzerland, Austria and France — in favour of a panic trek to east-

ern Europe just yet, however interesting an experience that might be. (Intasun — 081-290-0511 — offers a week's half-board in a three-star hotel in Poiana Brasov, Romania, for £172 per person).

Then there is Kolossus Weer, Poland? Bulgaria? No, it is just down the road from Innsbruck and has become a nice little earner for Neilson's (0532-752826).

Says their marketing director, Gary Wardrup: "It's everything an Austrian farming village should be: real Austrian yodelling, cows mooing and plenty of *gemutlichkeit*."

"It's about as far away from the Aspen image as you could find. But you could always pop into Innsbruck for a change of scene. It's currently our biggest-selling resort. It's not for strong skiers but it's perfect for people who have been two or three times before. We can give the prices some real stick."

Next weekend, for example, it would cost as little as £229 for a week in a guest house that's half-board, your lift-pass, ski equipment and lessons.

In January, skiers who care to drive themselves can still enjoy a cheapish week in a Swiss chalet. Villars, a mere 76 miles from Geneva, for example, is a good bargain in the Winterworld brochure (0635-30821). For £149 you can get a week's skiing, which includes the return

ferry-crossing. Self-catering, of course, works out even cheaper: an entire chalet can be shared by six to eight people for £500 a week, including linen and electricity. Combined with a self-drive package, this works out at a basic cost of under £100 per head if all eight beds are filled.

"We hope these prices will explode the myth that Switzer-

You can cut costs by going skiing the romantic way, by train

land is always very expensive," says Jon Shiner, a director. "Prices for food and drink are no more expensive in Villars than in many French and Austrian ski resorts."

Bob Moore, managing director of Ski Spirit (0532-616789), points out another money-saver built into the cost of a chalet holiday. "People not staying in chalets should watch out for the cost of 'essential treats', such as tea-time gateaux, pre-dinner gins, dinner wine and cognac," he says.

"On a chalet holiday you get the cakes and wine free and you can openly drink your duty-free spirits without sip-

ping surreptitiously in your hotel bedroom."

Intasun, too, has some French chalets in its bargain basement. On a room-only basis, they start at £149 for seven nights at Morzine (a resort favoured by the Princess Royal who, presumably, isn't feeling the pinch), where skiers can avail themselves of the celebrated Portes du Soleil ski surface. Intasun also offers Sierra Nevada (Sol y Nieve), in Spain, for £222 for seven nights at a three-star hotel.

Ski Thomson's Mark Wemborsky says: "Just because there's a recession, people don't put away their golf clubs. Why should they stop skiing? Chalets are cheaper than hotels and if you fill one with your friends they can be a lot more fun, too."

The Ski Thomson brochure (081-200-8733) has a number of reasonably-priced holidays in Austria and France in the coming weeks. Bed-and-breakfast at the Hotel Post, in St Michael, for example, will be from £201-a-week per person from next weekend.

Seven nights at the Pension, in Zell am See, would be only £173. You could spend a week at the Haus Wetti, Westendorf, for £188, and in Sell at the Haus Haidacher, for £171.

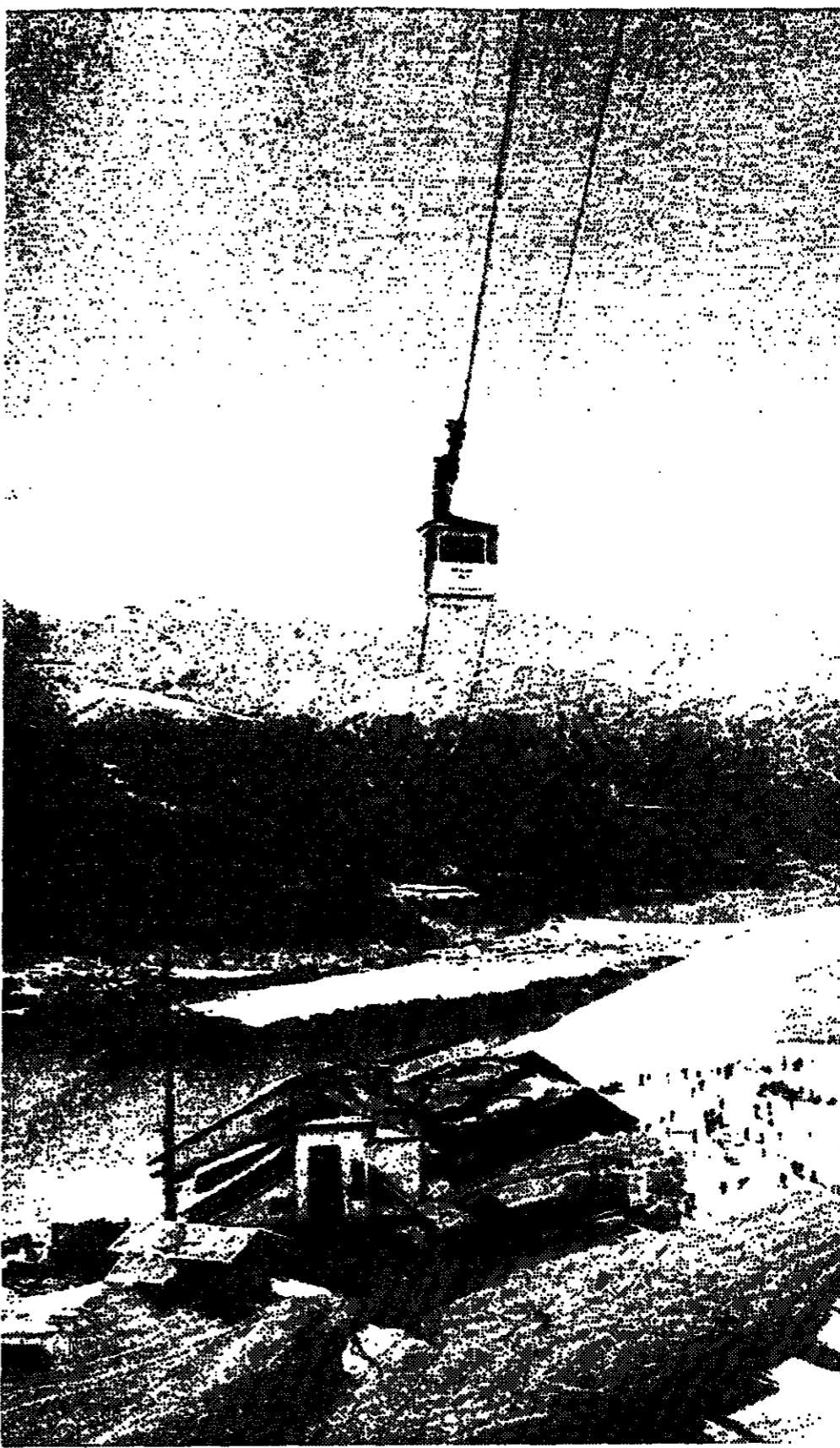
In France, Thomson can offer cheap prices based on self-catering and packing four or five people into a studio

apartment. Hence its basic cost for the week of January 5 of £183 (Foret, Plaine), £167 (Meribel-Mottaret), £152 (Le Schuss, Val Thorens), £173 (La Daille, Val d'Isere), £170 (Les Deux Alpes) and £141 (Valfréjus).

Another way to reduce costs is to go skiing the romantic way, by train. Skiworld (071-802-4826) has train departures every Friday evening to Val d'Isere, Tignes, Les Arcs, La Plagne, Meribel, and Val Thorens. Whether you take advantage of a couchette (price included) or gravitate to the discotheque is up to you.

You could also ski in a premier area while staying in a more modest location. You could stay in Leogang and ski in Saalbach-Hinterglemm (Austria), for example. The difference in price for a four-star hotel is significant. Crystal Holidays (081-399-5144) offers a week at the Salzburgerhof, in Leogang, half-board, from £319 next weekend. A similar hotel in Saalbach, the Sport, would be £408. Crystal's Andy Perrin says: "In spite of the recession, skiers will ski, come hell or high water. They may shop around more and avoid the more famous resorts. But go they will."

For an up-to-the-minute selection of ski bargains, contact Ski Solutions on 081-944-1155 or The Skiers' Travel Bureau in Leeds, on 0532-666-876.



The Olympiad, Innsbruck: always a popular destination for skiers

Chamonix, with or without snow

WHEN SNOW conditions in France are less good than they are at present, the celebrated French climbing town of Chamonix can afford a somewhat smug Gallic shrug at the fate of less fortunate resorts because most of its ski areas are so high that it would take a global warming of catastrophic proportions to make them snowless.

Even then, however, Chamonix would suffer far less than most other French resorts.



Rather unfairly, Chamonix has it all: skiing up to 3,840 metres with huge vertical drop of more than 2,600m (twice that of Jackson Hole, Wyoming, America's nearest equivalent) and a panoply of alternative activities.

What Chamonix has to offer is mountains with or without snow. After all, its famous Swiss stablesman, St Moritz, got by very nicely without any skiing at all during its early years as a winter resort. Apart from its magnificent scenery and unimpaired country walks, Chamonix has much of the sophistication you would expect from a colourful and historic French town, albeit in mountain country.

Last season was quite a good year to put Chamonix's attractions to the test. With some of the lower, less significant ski areas such as Les Houches and Les Planards almost totally snowless skiers

simply went higher to other areas in the Chamonix valley.

There is always snow on the famous Grand Montets at Argentiere, and for skiers who prefer their descents to be a little less glacial, there is easier skiing at Brevant and La Flégère on the opposite side of this awe-inspiring mass.

Altogether there are 180 lifts spread around the dozen or so ski areas.

But many of the millions of annual visitors have never put a ski on in their lives. Including many who go there in winter. For example, between 10am and 11am each day it is impossible for skiers to buy a ticket for the cable car journey up to the breathtaking heights of the Aiguille du Midi, the starting point for the classic 20km Vallee Blanche descent.

The reason? Between these times every cable car is booked solid — by the Japanese. The view from the upper cable car and the Aiguille itself (which includes the giant mass of Mont Blanc on a clear day) is considered so startlingly beautiful that Japanese tourists interrupt their frantic tour of Europe (London, Rome, Geneva, Madrid, Paris) to inspect it.

There is not a single ski between them. They are only in town for a few hours, and they can hardly wait. Even before the lower cable car has cleared its first fir tree they have wrenched the windows open and are snapping away at false summits that will quickly seem like foothills when the true splendour concealed in the heavens is revealed.

According to the tourist office, at any moment during the day in winter there are more than 30,000 tourists in Chamonix. The figure is 75,000 in summer.

"We have so much going on apart from skiing," says Jean Dressand, the tourism director, that it doesn't make much difference if the snow is not as good as usual. We always have plenty higher up. But for some resorts which only have a church, a couple of shops and a bar it's a big problem."

Chamonix has 400 shops, 100 restaurants, a casino, four cinemas, a nautical centre complete with two heated indoor pools, water chutes, a covered skating rink, luge runs, ice-driving, golf, horse riding, cycling and mountain biking, tennis, squash, gymnastics, steam baths, a bridge club, the now inevitable hang-gliding classes and, of course, one of Europe's most famous mountaineering schools.

There is even an artificial rock-climbing wall in the new Kerylos fitness centre — an

incongruous notion, you might think, in a town surrounded by some of the most challenging rock climbing in the world.

However, not everything in the valley is necessarily wonderful. There is a telling extract in a local guidebook by Anne Sauvy which describes Chamonix as "a disparate mass whose ugliness must unfortunately be admitted."

She adds: "Each resort has the clientele it deserves. Chamonix has opted for quantity at the cost of quality

or hospitality which could have made it attractive for holidaymakers. Today the valley is suffering from the consequences which may well prove to be an even greater threat to its future. A large number of tourists merely pass through Chamonix... and do not feel any inclination to come back."

This seems to be over-burnish. The old town centre, with its narrow streets, pedestrian precinct, pavement cafes and chic boutiques, still oozes

charm, even though much of the rest of the town does not. What does seem clear, however, is that whatever Chamonix's future, it depends less on good snow than most other French ski resorts.

■ Arnold Wilson travelled c/o Ski Whizz Small World, which specialises in chalet parties. Details: Hillgate House, 18 Hillgate St, London W8 7SP, tel: 071-221-1121.

Arnold Wilson

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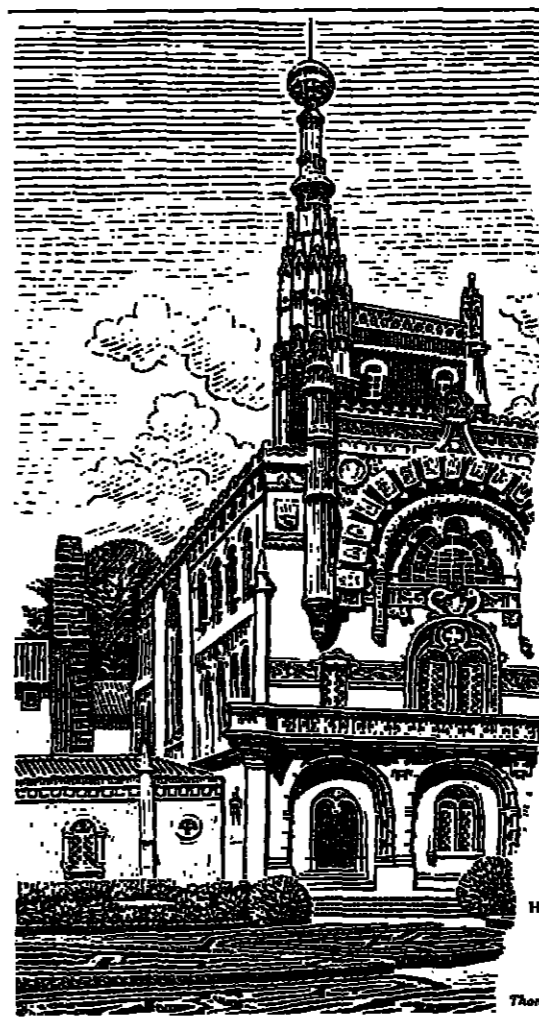
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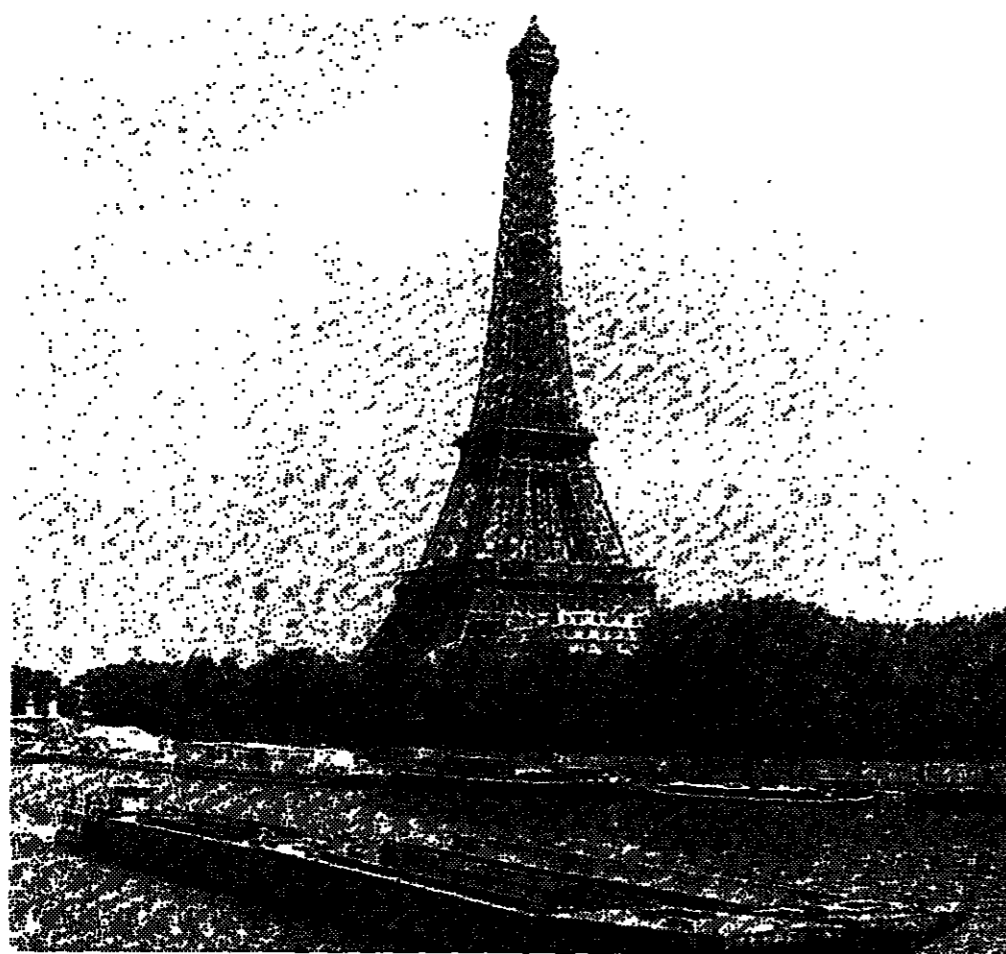
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PROPERTY

Rising cost of la dolce vita

Recent Italian legislation has increased the value of villas, reports Audrey Powell



Room with a view: prime central apartments in Paris can be rented for £2,300

Low-cost capital

LONDON is beginning to look comparatively cheap to international investors. That is one conclusion to be drawn from a nine-city survey of international executive housing just completed by Knight Frank & Rutley.

On a local currency basis, the cost of prime central area housing in most of the world's leading business capitals fell in 1990 after strong rises in 1989. On a sterling equivalent basis, the pound's poor showing on the exchanges has created substantial anomalies in the comparable prices. Taking prime central area four-bedroom houses or apartments as a standard, KFR's study shows that a world-travelling executive might represent a capital cost in housing terms of £2.4m in Tokyo, or just £150,000 in the recession-hit market in Sydney.

Comparative rental costs parallel the capital costs, to a degree, with a Tokyo property at £8,000 a month regarded as good value. But the markets with the most expensive properties are not always those with the most active rental businesses. As the agents note, at £3,000 and £4,000 a month respectively, Singapore and London are

International Property values 1989/90		% Change in value
Tokyo	£2.4m	-20
Paris	£2.0m	0
Madrid	£980,000	+8
New York	£970,000	-30
London	£840,000	-15
Brussels	£820,000	-3
Hong Kong	£775,000	-25
Singapore	£475,000	-14
Sydney	£150,000	-37

comparatively expensive compared with Brussels' £1,800, £2,300 for Paris or £2,600 for Madrid. Rents in New York are down to around £2,000 a month, and their equivalents in Sydney are about £2,500 a month. Australia is the least expensive residential market for globetrotters, and Brussels remains best value in Europe. But the continuing strength of London rentals set against last year's substantial fall in values combined to add to the investors' case for buying in London, assuming that values are heading up, not down, in the near term. KFR takes the view that "the (prime) residential market in London seems to have bottomed out in June. There have been no further falls, even though it remains a buyers' market."

John Brennan

NEW LEGISLATION, likely to come into force this year, will increase the cost of buying a property in Italy for some purchasers.

The Italian system - which appears strange, to say the least, to British buyers - is a choice of two systems, with one geared to everybody paying as little tax as possible.

In other words, you can declare the full price of a property and pay transfer charges on that - if you can persuade the vendor to agree, which may not be easy.

Or there is a second, officially recognised and generally used system based on a notional rent of the property, whereby a purchaser quotes

what might be called the "rateable value" of the property. This is considerably less than the market value, and the buyer pays lower related transfer charges. The seller also pays less capital gains tax.

If you are thinking about buying an Italian property soon you should note that the new legislation came into force on January 1 and will substantially increase the "officially recognised" valuations of property and thus the taxes to be paid, by those purchasers who use this system.

George Pezzi-Arworthy, a solicitor qualified in British and Italian law, says: "The established Italian practice is for the actual price which appears on the original binding

contract of purchase of a property, and which is paid to the vendor, not to appear in the final deed.

"The parties may safely insert in that deed a figure not less than the recognised official valuation of the property, which at present is calculated by multiplying by 100 what we may loosely translate as the 'rateable value', which appears in the local land register."

But changes have now been officially mooted. It is proposed to bring the "rateable values" up to date and an increase of the 100 per cent multiplier to perhaps 125 per cent is also being considered.

"Very roughly, the indication given is that the minimum values which it would be safe

to include in the deeds as from January 1 may well be increased by about 25 per cent and the same increase will affect the values acceptable to the Italian revenue in matters of succession to property coming up for consideration in 1991," says Pezzi-Arworthy.

If you are interested in buying, Brian A. French and Associates of Knaresborough North Yorkshire (tel: 0423-867047) will send you a 28-page list of Italian properties. These include a large house that forms part of the ramparts of a medieval village in Umbria. The agent says it is in good condition, though needing a new bathroom and kitchen. It has three bedrooms, water and electricity and costs about £19,000.

A stone farmhouse on the edge of a hamlet, with country views, four rooms and kitchen, beamed ceilings and terracotta floors, is about £37,000, while a watermill dating from 1741, with original machinery, requires an imaginative converter with £38,000.

A Tuscany property in 27 acres, has vineyard and olive groves. The house, built over a cellar and wine press, has two bedrooms, dining and sitting rooms, bathroom, central heating, water, telephone and garage. The price is £26,000.

A larger 17th century villa in 50 acres, with a chapel and farmhouse is priced at £71,000. "Ruins" for restoration start around £10,000.

ARE YOU having problems in adapting a listed building because your plans do not respect its character and history? Or are you eager to know how old your house really is, and how it grew? Then call in the Hereford Archaeology Unit, a specialist in digging out "above ground" building history. Strip some plaster and you never know what it will find.

The unit's latest coup is typical. Asked by Elgar Developments to work out the history of 20 Church Street, Hereford, it found that an apparently Georgian house is in fact an extremely rare 14th century first-floor hall. So the company has reworked the plans of its new head office to make the most of its find, and looks forward to holding concerts in a hall that has appeared from nowhere.

Edward Elgar's music will be on the programme. The house is near the cathedral where organist G.R. Sinclair lived from 1889 to 1918. Elgar was a friend who often came to stay and dedicated one of the Enigma Variations to him and his building, Dan.

The house now has a brick facade and certainly looks Georgian, with a handsome bow-ended Regency dining room that will make a fine boardroom.

The only clue to something special when Richard Morris of the Hereford Unit began to

The dating game

Gerald Cadogan reports on rarities under the plaster

is odd on an 18th century building.

Once some plaster was removed, suspicions became certainties. It was a medieval building whose wattle and daub had been replaced by brick. Morris says this has happened to many buildings in old towns like Hereford. They may look Georgian, but investigation often reveals medieval origins.

The highlight was finding upstairs, obscured by later partition walls and ceiling, the 40ft long hall and its crow-post gabled roof. The lucky survival of a Decorated-style wooden window of a type familiar in stone in churches dated the hall to around 1250. That makes it among the last of the first-floor type of halls, which was a scheme originally designed for defence. From around 1300 they began to give way to ground-floor open halls.

The unit's methods are simple. After checking documentary evidence, its specialists look, measure, draw and think. Precise drawings - stone by stone and beam by beam - are vital as fine details are easy to miss in a photograph.

When the unit tackles castles for English Heritage, it finds that changes of size or type of stone stand out as



the keys to the architectural history.

It is not expensive to get a history of your building, and a set of plans, says Ron Shoenitz, the unit's director. "On the service side of building we are cheaper than an architect or quantity surveyor. But you must choose an architect to adapt the building who is sensitive to the history and details we produce."

Soho House, in Handsworth, Birmingham, has been another challenge. Matthew Boulton (of Boulton and Watt, inventors of the steam engine) bought this house in 1761 and rebuilt it three or four times in the next

40 years, installing the UK's first hot air central heating since the Romans left in 410.

The Hereford team could date the sequence of rebuilding from differences in the ornamental plasterwork. But the house had no main staircase. What had happened to it?

The unit has worked it out. Boulton, who was keen on building, was about to add a grand set of front rooms, hall and stairs when his money ran out. So he put a bold face - with columns - on the old house to make it look as if that was what he had always intended, squeezed in an extra storey to make up for the lack

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British boats find a fair wind

The recession has had little effect on UK builders, which have increased their share of the European market, says David Rushby



After the wheel: Charade, a 154ft state-of-art superyacht which is steered by a tiny lever

Superpower superyachts

IN EARLY December, a gleaming white motor yacht lay berthed in the Pool of London. This was Charade, 154ft long and the most recent and perhaps the finest example of today's "superyachts". Charade was built for her American owner by the De Vries yard in Holland, part of the Feadship construction consortium, to standards only dreamt about by most builders.

She is packed with state-of-the-art equipment, generators, heating and air-conditioning plant, sewage treatment plant and watermakers - enough to supply a medium-sized village.

Her bridge is crammed with electronics, monitors glow with radar pictures, navigation information, computer images, lites and security cameras, while LEDs and digital information screens give luminous assurance that the yacht's systems are functioning correctly. Charade was a milestone - she has no wheel - and is steered either by autopilot or a finger-sized lever.

If the bridge represents the future, her accommodation, by New York interior designer McMillan, leans towards elegant conservatism. It is like a comfortable and homely country house, with an elegant sitting-room complete with fireplace, breath-taking dining room, and four sumptuous guest staterooms trimmed in bleached oak and rich marble.

Last year, specialist super-

yacht yards around the world turned out more tonnage than in the whole of the Golden Era of yachting in the 20s and 30s. Today's superyachts are of the highest quality construction, but there is one item on which owners disagree - speed.

In simple terms, you either have a displacement hull-form, which "displaces its own weight of the fluid in which it rests", or you have a lighter planing hull which is designed to skim across the top of the water if enough power is applied. Displacement hulls are relatively slow and sedate but quiet and fuel efficient, planing hulls are fast, thirsty, and noisy, but very "macho". Many of today's advances in yacht technology are aimed at increasing speed.

The King of Spain's 100ft yacht Fortuna, designed by British naval architect Don Sheard, runs at 50 knots. Octopus, the 132ft Frank Mulder design for American John Staluppi, has achieved 55 knots (56mph). US designer Tom Foxas is talking of 80 knots in his 80ft ACM-80 project.

The secret of these craft is low weight and high power. The former is usually achieved using German MTU light-weight turbocharged diesels while it is accepted technology to use a combination of diesels and gas turbines, such as was used by the trans-Atlantic record breaker Gentry Eagle. The great advantage of gas turbines is their low weight

and small size. The US company Textron-Lycoming offers a 4,000hp unit which weighs 1,200lbs, 13 times lighter than an equivalent diesel. Recent design improvements have practically overcome high fuel consumption. Their disadvantage is price - the 4,000hp unit costs about \$1m (\$515,000).

Construction of these modern-day palaces is concentrated in the Netherlands whose yards are renowned for the quality of their workmanship, or in Italy, where style is the byword, but many others are seeking a slice of the cake.

The US, historically a large customer of European yards, is struggling with its own infant industry; still not as technically advanced as the Europeans, nor, in most cases, with the same quality of workmanship or design. Europe also has its beginners: Sweden, France and Spain. Britain, world leader in the Golden Age, and Germany are clawing their way back. Germany appears to be attaining pre-eminence in the construction of the largest yachts, while Britain, contributes more than most to their appearance and decoration.

Names such as Jon Bannenberg, Terence Disdale, John Munford, Don Starkey and Andrew Winch are attached to the designs of the largest and most splendid of the world's. Even with the threat of recession the Dutch yards have full orderbooks, and this has given them the confidence to spend

huge sums expanding facilities.

Even in credit-squeezed Britain, the outlook is not too gloomy. The UK's largest yard, Brooke Yachts International of Lowestoft, which built the 177ft motor yacht Stefaren and the 121ft Beaufort, is busy completing a 131-footer for launch in June and a 183-footer for an August launch as well as refitting several large yachts. Britain's oldest builder of superyachts, Camper & Nicholson, reports that its order books are very satisfactory.

If the UK lags behind the continental Europeans on the largest of yachts, it is certainly up with the leaders in the slightly smaller league. With Sunseeker and Fairline respected names throughout the world. Both these companies said that orders, particularly for export, in the larger 40ft-60ft and of the range were unaffected but that there was some falling off of orders at the 20ft-29ft end.

Perhaps today's superyacht industry is just a passing phase. But it is certain that these last two decades of the 20th century will be remembered as the era of the superyacht - they are today's expression of the ultimate design for living.

Roger Lean-Vercoe

Roger Lean-Vercoe is a freelance yachting journalist and editor of "The Superyachts", an annual publication.

BRITISH BOAT builders have improved their share of the European market and are weathering the recession as a result of investment in new products and better marketing during recent years.

They have established contacts with European dealers and distributors who are able to promote British boats to the best advantage in an increasingly competitive market. In previous years UK manufacturers tried to market their own products abroad, but they have recognised that the best approach was to use local agents.

It is now usual for new designs to be modified to meet the demands of different markets. These changes are achieved through the use of more modular interior designs.

Although high interest rates slowed sales in the UK during the last quarter of 1990, most of the bigger manufacturers are

reporting a good year according to preliminary figures being collated by the British Marine Industries Federation. Overall for 1990, sales of pleasure craft have reached an estimated £280m, compared with £263m the previous year.

Fewer craft were sold than in 1989, but the trend towards expensive, larger and more luxuriously fitted yachts and the development of the power boat market, where growth has been greatest, has produced the revenue increase.

In the first six months of last year exports were particularly strong, showing a rise of 23.5m to £11.4m, compared with the first half of 1989. Imports during the corresponding period showed little change. Since then there have been reports of good business from the biggest boat shows in Europe and America.

Specialist builders, whether they produce expensive one-offs or small craft that fill a

market niche have also come through the year successfully. There has been continued interest in small traditionally rigged replicas of working craft which reflects the buyers' need to express their individuality.

Among volume builders there has been some rationalisation. Marine Products - the large Plymouth-based manufacturer of yachts for Moody and Princess power boats - and Westerly Yachts have both recently made workers redundant.

Looking ahead over the next two years the industry will be preparing itself for harmonisation of European regulations, scheduled for January 1 1993, when structural and equipment requirements for all boats built in member states will come into force.

Most volume manufacturers, which already have well established production systems with relevant parts documentation, will have little difficulty com-

plying with the new regulations and they should not add to the cost of running a boat. However, some of the smaller specialist builders might have difficulty to meet the changes which require full technical documentation of design and building procedures to be kept for 10 years.

At the same time, changes in EC laws governing the collection of VAT will give UK builders an advantage over builders in those EC countries where a higher rate of tax is payable, such as France. From the beginning of 1993, VAT will become payable in the country of origin irrespective of where the boat is based in the Community.

With a lead time of anything between nine and 18 months on a delivery, potential buyers visiting the 1991 Earls Court Boat Show should consider this, as it can make a considerable saving on a boat costing £100,000.

SAILING, like riding, is often more or less hereditary. You grow up with cars in the garage and sails in the bath, and row as soon as you can walk. So you know all about flagpoles and commodore's hold no terrors: you drink it all in with your mother's milk (although not on the Members' Terrace or in the Quarterdeck Bar. Chaps worry about these things, and chaps run yacht clubs).

The rest of us, adult converts and new boating families, are cast adrift amid oddity and etiquette, uncertain how to tell a flag officer from a defaced ensign. It is all very well wandering around the Boat Show with shining eyes and a cash deposit, and practising running-fixes and intercepts at night class, but the one thing which nobody ever teaches is how to join a yacht club, or whether one should.

New sailors often feel that they have to join a club where the dining-room overlooks their favoured stretch of water. Those who do join such clubs often do so for practical reasons. You can belong for years without ever using anything but the slipway and the show-

Burgees and bobble hats

Libby Purves joins the yacht club

ers: there are bound to be plenty of members who balance things out by never using anything except the bar and dining-room, preferring not to venture on to actual water.

Still, there are certain advantages in plunging bravely into yacht-club land. You get a burgee to fly, and a genuine thrill when an identical burgee turns up in Cherbourg and you can row over and offer it a drink. You may receive reciprocal hospitality from clubs all over the world.

An innocent newcomer with a modest boat who makes the mistake of wearing trainers and anorak and lacking a well-placed local proposer, may be subjected to such social harassment from the security that he goes into shock and spends the rest of his sailing career fleeing in terror from red-faced men in chesscutler hats.

The operative word is should. I suppose it is inevitable that some of the grand London yacht clubs have been infiltrated by socialites and businessmen who rarely sail; less forgivably, clubs by the sea can suffer the same dilution. There are towns where the yacht club, in its gracious castellated building, has become a focus for local gentry who, on other days, would have spent the time at tennis-parties.

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Some clubs are quite aggres-

sively downmarket, all bear the hallmarks of some strangely pompous. But it would be a mistake to embrace inverted snobbery. Either can be equally quirky, humourless and narrow-minded, displaying all the worst aspects of the male-bonding imperative. Both kinds can be the opposite, so genuinely devoted to the sea, and sailing, that any kind of enthusiasm is seized on and welcomed.

The magic can happen in the hutments of an unpretentious sailing association, but equally in the royal and baronial premises. The most Ruritanian absurdities of silver flagpoles on the table, elaborate teas and money in the painting with five-inch curly gilt frames can be forgiven when you know that the red-faced old buffer in mess dress next to you is just back from a single-handed trip to Greenland.

The intimidating cut-glass accents of your other neighbour are curiously softened when you realise that he is offering you an unknown new member the loan of all his west-of-Ireland charts for next season. Get a few bottles of the club-claret inside you, and even the marine paintings in the bar look all right.

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XII WEEKEND FT

HOW TO SPEND IT

Lucia van der Post tightens her belt in search of...

Cost-conscious chic for the needy '90s

THERE IS nothing new about hard times. Seven fat years followed by seven lean ones is the ancient pattern and, after all, we need the hard times to define the good times. Of course, compared with most of the world, few of us are really poor. The trouble is that many of us are less rich than we were — and in our spoiled Western way that makes us feel poor. But the proper response, it seems to me, is a sense of proportion as well as verve, enterprise and initiative. It means using your brains instead of your purse. It means taking more care

and trouble about everything from the meals you cook to the clothes you buy. It means recycling whenever you can, which needn't be as dreary as it sounds — repainting a battered chest and turning it into a desirable acquisition can be fun as well as hard work. So this week's page is dedicated to providing some inspiration for all those who, no matter what their income, feel that spending wildly is not only out of fashion but in very poor taste, who feel that it's perfectly possible to have just as much fun while spending a great deal less.

How to dress better on less



THE FIRST and best advice I can offer on this front is — be thin. If you are a neat size 10 then every-thing from a pair of M & S leggings to an Azedine Alaia looks smashing, while the minute you get over a size 14 you need artful cutting to disguise the bulges — and that never comes cheap.

The next best thought I offer is that most of us have far too many clothes anyway. Speaking for myself, I can hardly close my cupboard doors. Next time you feel you haven't a thing to wear you could try refashioning the clothes you already have or putting them together in different combinations. I know this won't do much for the rag-trade's bottom lines but it might do a lot for yours.

You must also develop an eye for a bargain — in every chain store, buried among the dross, there lurks a version of the current fashionable look — whether it be leggings, parkas, sequined jackets — that costs a fraction of its designer-label cousins.

Keep an eye on Miss Selfridges, Hennes, River Island (I am currently wearing a River Island fake fur coat featured on these pages last year and have lost count of the times I have been asked by fashionable friends where they could find one like it) and, of course, Marks & Spencer. And you can always update chain-store jackets with better buttons or raid

those with an "eye" (but DON'T risk it if you know that's not your strong point) can, of course, rummage through the jumble sales and the charity shops. And you can always update chain-store jackets with better buttons or raid

the boys' department for things like classic leather loafers or simple cotton shirts.

However, there comes a time when, no matter how skinny you are, leggings and a sloppy joe won't do and you need a little designer cachet. Though London lags way behind cities like Paris and New York when it comes to cut-price designer label outlets there are now a few places worth keeping an eye on.

When designer fashion comes cheaper it is usually because it is current-season wear that hasn't sold (which may be for good reason, so don't ever buy it just because it's cheaper) or it was over-produced, or because of cancelled orders. It may also be cheaper because it is second-hand. Keep an eye open for advertisements for what has become a regular on the London fashion calendar, The Designer Sale — a peripatetic event for which you need an invitation (often advertised in the press) and where many a stylish woman regularly tops up her wardrobe.

Labels for Less: 18 South Molton Street, London W1. Houses a permanent collection of designer wear that hasn't sold or was over-ordered, all sold at a fraction of the original prices. Big names like Donna Karan, Gaultier, Gigli, Jean Muir, Comme des Garçons. For men as well as women.

Designer Sale Studio: 241 King's Road, London SW3. Womenswear only. All the grand designer names — Armani, Montana, Versace, Byblos, Lacroix, Krizia — at very reduced prices. Current bargain: an Armani jacket at £185.

70, 70 Lamb's Conduit Street, London WC1. The place for the chaps to get their designer gear together. Very strong, very street-cred but also lots of functional clothes like duffles, parkas. Good source of cotton suits for casual summer wear.

A Shop Called Sale, The Basement, The Trocadero, Piccadilly Circus, London W1. For the young set — designers like John Richmond and Dexter Wong at very reduced prices.

Sam Walker, 41 Neal Street, London WC2. Second-

hand menswear but of high-quality, all beautifully cleaned and newly wrapped. Fine cotton shirts, good suits.

Blax, 8 (for women) and 11 (for men), Sicilian Avenue, London WC1. Invited to the ball and nothing to wear? This is the place to head for — second-hand dinner jackets and tails for men, glam evening wear for women.

Factory shops are found, of course, where there are factories, in other words mainly in our industrial heartland. They are often excellent sources of goods that are either slightly below par, slightly damaged or may be a little bit out-of-date. In them you can find everything from lengths of fabric and lambswool sweaters to crystal and glass, bicycles and carpets. Clilian Cutress of 34, Park Hill, London SW4 (071-622-3722) publishes guides to the factory shops, giving opening times, detailed maps and parking instructions, as well as information as to what exactly you can buy there.

So far there are eight guides (Scotland and the south east coming soon) ranging in price from £2 to £4. By mail from Gillian Cutress and also from W H Smith and bookshops in the Midlands and Northern England.

The General Goods Exchange, 64 Notting Hill Gate, London W11 is worth knowing about both as a place to sell your own cast-off garments and household goods as well as a place to buy those of other people. Everything from jeans to a designer label frock (though much, much more of the former) on the clothes front but also second-hand hi-fi, bicycles, kitchen and household wares, CDs, singles, cassettes.

Markets. Remember that canny New Yorkers never pay retail. So don't patronise expensive shops if you can get it at a market — whether you want a houseplant, a tray of apples, a chair to sit on or a piece of jewellery you can usually find it cheaper in a market.

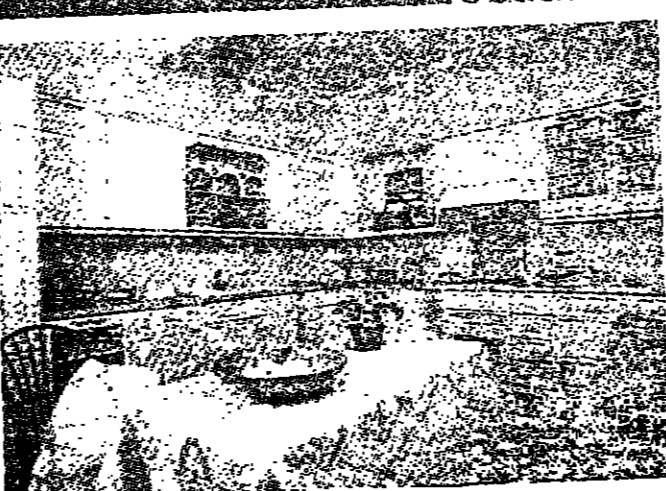
How to decorate on a budget



IF YOU couldn't afford to indulge in the full-blown '80s-style house of ruffles and chintz, fine furniture and a general air of sumptuous excess — then you are probably ready to embrace '90s-style living. Strong, simple country furniture, folk art, plain walls, wooden floors with rugs or rush matting and simple fabrics like cottons and gingham.

It is still countenanced in mood but much more cottage than grand manor, Shaker-style rather than Colefax & Fowler. It's goodbye to festooned silk blinds, goodbye to yards of Wilton carpet, goodbye to opulence.

All this is good news for those on a budget. However, it doesn't mean that skimpiness is all right — never looks appealing, only mean — rather that excessive sumptuousness is out. Conrad and Tricia Jameson of Jameson Design (29 Elystan Street, London SW3, tel 071-584-7642) are experts at the art of conjuring magical interiors out of unprepossessing beginnings. Mostly they do it for the exceptionally well-heeled but they have caught the mood of the moment and are busy exploring ways of producing equally stunning interiors while spend-



Top: masses of inexpensive fabric. French mattress ticking at £8 per metre from Claremont, 12 Kingsly Street, London W1 has been used to dramatic effect on walls and ceilings. The same fabric was used to drape over a pole — in total some 19 metres was used. Above: if you have to use units you don't need to spend a fortune. Here Mason's units, hand-painted, have been dressed up with a patchwork quilt cloth, a few antique kitchen artefacts, some pictures and the natural decorative qualities of fruit and vegetables. Right: a look for the 90s puritanical, Shaker-style, no excess anywhere. Simple country furniture, rush matting, white walls. The chair is £18, the ready-painted table, £420, the lantern £30 and the two primitive paintings, £400. All from Jameson Design Limited, 29 Elystan Street, London SW3.

ing much, much less. Their own kitchen, which really looks lovely, is made using MFI cabinets, beautifully dragged in a soft blue, and a Texas Homecare plain white basin. It is given life and interest with their own pictures and artefacts. The Jameson plan doesn't cost the earth is:

1. Buy mass-produced cabinets from a reliable manufacturer like MFI or Magnet. Don't worry that the cabinets are made of chipboard — so are the cabinets of many so-called designer ranges. What is important is that the drawers are made of wood and both with wooden drawers. Choose the cheapest, plainest pine doors as you will be painting them yourself. Above all avoid the fancy, pompadour looks.

2. Get the kitchen supplier to design the kitchen for you. They don't charge for the service. You provide the measurements and the retailer works out the cabinets you need with a computer. Ask for the minimum number of cabinets as you should have some free-standing storage to give it that designer look. Also you should have plenty of open shelves for display.

3. Splash out on first-class brass taps (Peter Jones is excellent) but use a Texas Homecare round white basin (from £19.99) or a deep old-fashioned square white sink from Armature Shanks (from £29.80).

4. Use wooden worktops. Paint ordinary wooden floors for a good country look. Sand them down first. Paint several layers and then several layers of polyurethane finish.

5. Store as much as possible in free-standing furniture. If you can run to antiques — and after all, you can take those with you, unlike the units — an antique Georgian dresser would cost £4,000 but a beautiful early 19th century French armoire at the Marché aux Puces will cost only a little

over £1,000.

7. Splash out on wonderful accessories (again, these go with you wherever you go) — a huge old wooden bowl for fruit or vegetables, old watering cans, sponges, etc. Use lots! It's generosity of feeling that makes a handsome collection.

8. Don't use matching furniture — you can use any table and keep it covered with a cloth and team it with old chairs.

Other decorating tips from the Jamesons. Curtains: Never be mean with fabric; it is much better to have yards and yards of gingham than skimpy Colefax & Fowler. Peter Jones always has an excellent range of inexpensive Indian cottons and other sources of cheap fabrics are listed below.

A good curtain-maker can make curtains swing but they

cost an arm and a leg. Home owners can make the same curtains swing for nothing. How? By literally swinging loose curtain material over a pole. It takes practice but, after an evening of practice, you'll get the hang of it.

Sheets and saris make splendid ready-made curtains. They need no hemming, can be sewn together easily for large windows and, if you sew down the top bit, you can easily slot a curtain pole through them.

Many of the best furnishing ideas are borrowed from the theatrical world. In the Jameson Design shop the walls are covered in canvas which has faux panels painted on it, rolled and dried. It's wonderful what you can do with a staple gun. Fabric can be stapled to walls and the staples covered with gipsy rope bought inexpensively from Merchant Chandlers. Tricia Jameson gave her conservatory a new look in a day using a staple gun and 50 metres of Pailu & Lake fabric bought at £2 per metre in a sale.

Remember that even the most unpromising old chest or table can be given new life by rubbing it down with wire wool and repainting or stenciling it. When it comes to shabby chairs and sofas, don't have to go in for expensive reupholstery; fling a shawl, blanket or "throw" over it instead.

Buyers & Sellers, 120/122 Ladbroke Grove, London W10. Here you can get cut-price fridges and freezers, vacuum cleaners and microwaves. All work perfectly but may have some minor, often almost undetectable blemish. Delivery can be arranged.

A Barn Full of Old Sofas and Chairs, Furnace Mill, Leamington, Kent TN3 6LH. Open Tuesdays to Saturdays. Wonderful source of second-hand beds, sofas and chairs. Will recover and reupholster.

P.N. Jones Trading, Silk Merchants, 18 Holly Grove, London SE15. Marvellous source of inexpensive fabrics from India. Cheesecloth from £2.75 a yard; cottons, lightweight, plain and Madras checks, £3.25 for pieces and £3.50 a metre for short lengths; dupion silk, £9.00 a metre for pieces, £10 for short lengths;

lovely thick cotton rep, fine for upholstery, £5.75 a metre.

Claremont, 12 Kingsly Street, London W1 has lots of good cottons at good prices.

Corcoran & May, 161 Lower Richmond Road, London SW15 offers designer fabric "seconds" at less than half price.

Ian Mankin, 109 Regents Park Road NW1. SDR sells old-fashioned fabrics like ticking, good cottons, muslins and the like. Not as cheap as when he first started, he nonetheless does run a good cuttings and mail order service.

Material World, 258 Wimbledon Park Road, London SW19, 290 Battersea Park Road, London SW11 and 59 New Kings Road, London SW6, as well as branches in Bath, Newbury, Edinburgh, Bury, St. Edmunds, Gibraltar and Brussels. Changing stock of furnishing fabrics by names like Baker, Warner, Sanderson and the like, at either £7.95 or £8.95 per metre (normal prices usually from £15 to well over £30). Can organise a making-up service.

Variety Silk House, 152 Ealing Road, Wembley, London. THE place for saris — swathe them lavishly round poles instead of curtains. Selvedges are already there so they need no hemming. Sew several together if necessary.

The Reject Shop, 234 King's Road, London SW3 and 245-249 Brompton Road, London SW3. The name lingers on but little these days is strictly reject — prices are low because of bulk buying, sourcing abroad and selling ends of lines.

Spoils, 157 Munster Road, London SW6. End-of-line fabrics from many of the top names, chintzes as well as plain cottons.

Austins of Peckham Rye, 11-23 Peckham Rye, London SE15. Legendary provider of inexpensive second-hand furniture to the newly-married, the impoverished and the second-home brigade. I've never found much there myself but every body else I know has so it is always worth a trawl.

An excellent book for Londoners who would spend less is Lindsey Bareham's *Paupers' London*, £4.99, published by Pan.



Sales assistant Laura Topper at Labels for Less, South Molton Street, London W1 with a Moschino evening dress reduced from £510 to £275

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BOOKS

Survival in the shadow of the tyrant

Anthony Curtis on the author of 'The White Guard'

AS TODAY we watch the falling apart of the Soviet Union, it is illuminating to turn to the work of Mikhail Bulgakov (1891-1940), a writer who lived through the Bolshevik takeover in one key area, the Ukraine and its main city Kiev.

A confused sequence of events in the Ukraine came to a climax in 1918. The bloody and decisive battle for Kiev raged between December 1918 and February 1919. The city was then nominally under the power of a Hetman or Cossack ruler. The Russian Volunteer Army or White Guard (who may be thought of as somewhat analogous to the Raj at the time of the Mutiny) mobilised itself to try to prop up the Hetmanite administration. It aimed to keep out not just the Bolsheviks, but more immediately the Ukrainian Republic which had been aided by German forces eager to exploit the turmoil. There was also a sizeable Jewish population which stood to suffer whoever ultimately won control. The chain of command within the city was extremely weak as the attackers advanced.

Bulgakov recorded these momentous events as they affected one Russian family in his great novel *The White Guard*. He belonged to a Kiev-based clan of able professional people, lawyers, academics and doctors; medicine was his own first profession. The Bulgakovs occupied a house in the centre of Kiev close to where much of the fighting occurred. It became an apartment block in the novel, the eye of the storm, through which the reader experiences the Revolution. A reading of the novel today helps one to understand in human and historical terms why the Ukraine is so determined to regain its independence.

Bulgakov had worked in the White army as part of an ambulance unit during some of the bloodiest fighting. Afterwards he practised as a country doctor in the Caucasus and became a specialist in venereal disease, before he decided to abandon medicine for literature. That was in 1921, as Lesley Milne reveals in this scholarly study of Bulgakov's fascinating career.

Bulgakov's early writings took the form of journalism but he soon came to detect the life of a *feuilletoniste* or regular contributor to literary magazines. Like that other great Russian doctor turned creative writer, Chekhov, Bulgakov's imagination soared above the clinical and teemed with plans for stories, plays and novels. There are some similarities between the two careers, but also crucial differences, the main one being that Bulgakov's work was all written

(though by no means all published and performed) under Stalin.

One of the characters in the play he made out of *The White Guard* - seen in London first in 1937 with Michael Redgrave and later performed by the RSC at the Aldwych Theatre in May 1979 - carries the complete works of Chekhov around with him. There is a distinctly Chekhovian flavour about the whole piece, which was presented at the Moscow Arts Theatre whose chief director was Stanislavsky. Bulgakov later gave a satirical account of the famous Stanislavsky Method in his novel, *Black Snow*.

Perhaps the salient theme to



Mikhail Bulgakov in 1926: a giant of post-modernism

MIKHAIL BULGAKOV: A CRITICAL BIOGRAPHY
by Lesley Milne
Cambridge £35, 324 pages

be extracted from Lesley Milne's book is that of artistic survival against impossible odds. It shows how an artist of sterling integrity was somehow able to continue to work and to develop his great gift under constant blows from the tyrant's knout - creative and financial constraints, bureaucratic supervisions and prohibitions, recommendations to re-write his material to make it more acceptable, procrastinators and sudden arbitrary withdrawals of his plays from the repertoire.

One way of trying to by-pass the vigilance of the censorship committee was by developing a mode of writing known as Aesopism - the story-teller became a fabulist in which the deeper, more urgently topical

meaning of his tale lay concealed beneath its surface. Bulgakov's Aesopism masterpiece is the novella *Heart of a Dog* (available in *Penguin Classics* at £4.99) in which a fastidious, opera-loving Moscow surgeon of the old school performs a brain and gland transplant upon a stray mongrel, turning him into a rabid *aparatshik* determined to purge the city of cats. The period is the 1920s, the time of the New Economic Policy and the first great housing shortages, but the work transcends its period and may be compared with the best fables of Orwell and Swift.

Bulgakov's two major novels are *The White Guard*, which does for Kiev what *Ulysses* did for Dublin, and his final work, *The Master and Margarita* - a multi-layered novel which shuttles from contemporary Moscow to Jerusalem at the time of Christ, and which was not published until 1966-7, a quarter of a century after Bulgakov's death.

In his lifetime he made several direct appeals to leave the Soviet Union in the form of letters to Stalin. One of these was answered - as in the case of Pasternak - by a cryptic telephone call from the dictator himself which for a time changed Bulgakov's life. Stalin liked *The White Guard* and gave his guarded approval of the dramatic version on the rather specious grounds that it demonstrated the over-riding power of the Bolsheviks. Bulgakov also wrote plays on such themes as the psychology of exiles who returned to Russia after the Revolution and about literary heroes like Pushkin. *Mothers and Daughters*. For a while in the late 1930s he was prosperous and famous, but his time of glory in Moscow did not last for long. The official censors and party hacks saw to that.

Lesley Milne is a lecturer in the Department of Slavonic Studies at the University of Nottingham and in this intelligent, textually-oriented book she is not really writing for the general reader. We learn little of Bulgakov's three wives but a great deal about the various redactions (revised versions) of *The White Guard* and the projected sequels to it. Milne has been studying this author for a long time. As far back as 1979 she wrote the introduction to the translation by Michael Glenny of the version of *The White Guard* performed by the RSC. This showed that Milne is also capable of writing about Bulgakov in a form that is readily accessible. Without in any way wishing to belittle the present work, I feel we need to have a less scholarly biography of a writer who is not only a delight to read but who is without doubt one of the giants of post-modernism.



THE FIRST printing of *Alice* was a disaster. The Clarendon Press had an off-day and made a hash of text and drawings. Tenniel was furious and Macmillan's suppressed the printing, though Dodgson took some copies and gave a specially bound one to Alice Liddell on July 4 1865, the third anniversary of the punting picnic when he first told the story. In 1866 the regular first edition came out, printed by Richard Clay. The picture shows an original 1865 Tenniel pencil drawing. A few copies survive of the 1865 printing and are worth £125,000 or more. The most important is Macmillan's file copy, with publisher's corrections and ten original Tenniel drawings bound in. Justin G. Selwyn H. Goodacre of the later history of the 23 known copies of the 1865 printing. One was found in a bag of old books in South London, another bought for 2 rupees in Bangalore in 1950. The late Duke of Gloucester bought one at Sotheby's for £1200 in 1947, with Maggs bidding for him, but in 1952 he returned it to Maggs. (Why?) Alice's *Adventures in Wonderland* is an 1865 printing. (111 pages, \$75/\$45) is obtainable from Battledore Ltd, PO Box 2288, Kingston, NY 12401 USA.

A columnist in the confessional

J.D.F. Jones discovers the truth about the real Peter Simple

HERE IS the second instalment of one of the finest - and least of Fleet Street has always known, the *Telegraph* men used to be - have they changed now that they are marooned on the Isle of Dogs? - the wildest, the drunkest, the most disreputable and eccentric of all of us. Wharton, whose photograph on the jacket makes him look like a vicar on vacation, was of the inner sanctum in the *Kings and Queens*.

There have been plenty of self-regarding memoirs from Editors and Very Important Journalists, full of hints of ministerial indiscretion and what the P.M. said over lunch - there were several last year - but he reassured that this a very different kettle of fish.

more respectable and decorous inhabitants of the "Street of Shame". Far from it. As the rest of Fleet Street has always known, the *Telegraph* men used to be - have they changed now that they are marooned on the Isle of Dogs? - the wildest, the drunkest, the most disreputable and eccentric of all of us. Wharton, whose photograph on the jacket makes him look like a vicar on vacation, was of the inner sanctum in the *Kings and Queens*.

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A DUBIOUS CODICIL
by Michael Wharton
Chatto & Windus £15.99, 261 pages

Beyond the splendid flow of anecdotes from the pub (the book is awash with alcohol), and behind the simple pleasure of fine writing, here are the confessions of a honest, modest man gifted with wit and imagination.

And confess he does. Timidity. Inadequacy. Sex. Booze. His wife's infidelity (and his own). Mid-life mental breakdown. Friends, children, colleagues, lovers. Sense of failure. Fear of death. (None of this is pretentious; he can also be very funny.) I write as a non-admirer of

"Peter Simple", except to grant that it has made a contribution to the English language. I am tempted to say that when Wharton gets going on certain pet topics (such as TV, Rhodesia or black skins) he deserves to be taken back to his mental asylum. But the insight with which he describes how he invented himself-as-columnist is fascinating.

"Those were the days..." he writes, not-untypically, "when the last remnants of the British Empire in Africa were liquidated and replaced by pseudo-states under 'black majority rule'; and, by a strange process of reversal, when the first batches of immigrants were arriving in England. Those were the days also when television began to take a hold on minds and habits, stealthily

growing from an ingenious toy into one of the greatest leeches to the English language. I am tempted to say that when Wharton gets going on certain pet topics (such as TV, Rhodesia or black skins) he deserves to be taken back to his mental asylum. But the insight with which he describes how he invented himself-as-columnist is fascinating.

No wonder they tried to take him to the Isle of Dogs. He knew that after 30 years it would be better to go down with the *Street*, and that is where, in 1987, he leaves us.

Lewis: loss of a true writer

ALUN LEWIS was killed in an accident in Burma in 1944; he was not quite thirty. Yet he had already published collections of poems and stories. Together with some of his letters and unpublished material, all his work is now being gathered by Cary Archard into a uniform edition, of which this is one volume to detect the overdone Lewis was a true writer, and might well have been great.

Born and bred in Aberdare, Lewis could write of one character how "Being a Welshman he sang with the greatest sadness that is in faith and understanding." It is the case that that "great sadness" about small mining towns and streams blackened with coal-dust and the kind of unassuming life that existed in the countryside where he grew up. Cary Archard seems to want to make sure that we grasp how Welsh it is.

More to the point, though, Lewis was that modern archetype, the scholarship boy who hoped that literature would reveal horizons beyond his home. After six years as a student at Aberystwyth and Manchester, he might have become a history don, and rather stolid signs of learning find their way into some early stories. Instead he chose to return to South Wales as a school teacher in the belief that this gave him more chance to write.

If anyone influenced him, it was D.H. Lawrence. Lewis could tend to sentimentalise in that vein, and one of his best-known stories, *The Wanderers*, is a Lawrenceian romancing of gypsies. What was particular was his ear for conversation. His dialogue conveys with mar-



Alun Lewis: a Welshman both poetic and succinct

ALUN LEWIS: COLLECTED STORIES
edited by Cary Archard
Serren Books £14.95, 367 pages

vellous accuracy and brevity scenes over which a lesser writer might have laboured mightily. A Welsh Lawrence is rather a dreadful thought, and the war certainly put paid to any such prospect, galvanising his nervous energy - as it did with Keith Douglas. The comparison comes naturally, two young and gifted men determined not to miss a single thing in the intensity of the moment. At hand were "enlargements of the imagination", to use a phrase from one of his stories.

Obviously a capable man, Lewis was soon commissioned in the Royal Engineers. What affected him was the immediate transformation of the civilian into the soldier, of the Welsh provincial into someone caught by the sweep of the world's passion and fury. The miseries of parting became his subject; love affairs suddenly interrupted or turning unsatisfactory, transience, and sudden confidence or affection between strangers. At that time, in 1940, he had himself just married, and a number of his characters find themselves becoming parents, willingly or unwillingly. Worry about the home front was brilliantly caught. He is a master of the frightening journey, when the

traveller is somehow in the wrong or in unsuitable company. Developing his style he managed often to be both poetic and succinct. "Her special smile, like a smear of margarine", he could invent; or, in another example, a toad in a pond shows "his back, rusty with jewels".

In 1942, he was posted to India, where he wrote some evocative letters to his wife (published in an earlier companion volume). By now he had been recognised, and his stories from India appeared in *Cyril Connolly's Horizon* or in *New Writing*, amid excitement at the talent. *The Raid* is built around the arrest of an Indian terrorist wanted for the murder of British soldiers, and it is a classic of its kind. Cary Archard thinks that *The Orange Grove* is Lewis's masterpiece - it was one of the *Horizon* stories. In the depths of India, two men in a lorry are ambushed by the weather and nationalists. The driver is stabbed to death, and his officer finds that he cannot fend for himself in a setting hostile to him and to everything he represents.

What was lost through his untimely death it is impossible to say - today he would have still been only 75 - but I think those who believe that the purpose of literature is to give offence might not have had such an easy run of it.

David Pryce-Jones

The other half of the Apennines

ANYONE WHO has read Eric Newby's marvellous personal account of *Love and War in the Apennines* will enjoy this book. It is the other side of the story, as told by the woman he fell in love with while he was hiding from the Germans in Italy during the last war.

But Wanda Newby's memoirs of her childhood and the war years in Italy are more than just a complement to her husband's story. In a straightforward and unpretentious style, they capture the mood of day-to-day life first in a Slovenian village in the limestone country above Trieste and then in another village in the flat plains of the Po near Parma.

Wanda Newby was born the year Mussolini came to power. Throughout the book there is the menacing, uncomfortable presence of Italian Fascism and the Duce. Although everyday life somehow seemed to go on in that all-Italian way of the long lazy summers, the afternoon walks in the town centre, the warmth of the kitchen, the religious holidays and their gargantuan meals, Fascism deeply affected the life of Wanda Newby and her family.

Her father was a Slovenian village schoolmaster and was deported with his family to the village of Fontanellato near Parma by the Fascist regime. Her brother, before that, emigrated to Argentina. Ordinary people of anti-Fascist sympathies showed extraordinary courage in the simplest of ways in Italy. Wanda Newby's account is another example of how a very large number of anonymous and ordinary Italians coped with the challenges of the Fascist regime and the German occupation.

Her book reflects the same spirit of those memorable black and white Italian films about the war, Mussolini and the German occupation. These

PEACE AND WAR: GROWING UP IN FASCIST ITALY
by Wanda Newby
Collins £14.99, 187 pages

films always managed to combine laughter and tears, the absurdity of the Fascist leaders and the courage often driven by fear of the ordinary decent citizen.

In Wanda Newby's story the cast includes a local anti-Fascist doctor, a remarkable nun called Sister Eusebia who outwitted the guards to enable Eric Newby to escape from hospital into the mountains, the mother of her wealthy friend Valeria who prepared roast chickens and other treats to feed the British soldiers in hiding, and hosts more. There were also, of course, the villains: the informants who created a feeling of suspicion in village life and one who denounced Wanda Newby's own father: the "black shirt" leaders and their henchmen.

But Wanda Newby admits that she also fell briefly under the spell of Mussolini. In September 1938, when she was sixteen, she went back to her native Slovenia to see family and friends, but also to the Mussolini, who was going to Trieste on an official visit. Her father told her he did not object to her seeing Mussolini but would be very upset if she applauded or cheered the Duce.

However, Mussolini had a wholly unexpected effect on Wanda. "I found his personality irresistibly magnetic and at the end of his speech I joined the rest of the huge crowd in tumultuous cheering. It was an experience I will never forget, and one of which, when I returned home, I felt deeply ashamed. I never told my parents".

Paul Betts

An inward hooligan

Geoffrey Moore on Edward Blishen's reminiscences

"BLISHEN, EDWARD: author; b 29 April 1920... m 1946 Nancy Smith; two, Edna, Queen Elizabeth's Grammar School, Barnet; agricultural worker 1941-46... Address: Hadley Wood, Barnet."

No need to read much further in *Who's Who* because it is all in the books, of which there have been a dozen before this latest instalment. Except, of course, that in the text wife Nancy becomes "a woman called Kate". Hadley is changed to "Barley", and so forth.

Blishen's title comes from "A Cooking Egg", the fourth poem in T.S. Eliot's *Poems 1920* - which he apparently read when he was 17. Eliot's plaintive cry for the "eagles and the trumpets" in a world of weeping multitudes dropping in 100 ABCs caught Blishen's imagination. But more so did the figure of Pipit with whom the protagonist is described as sitting "behind the screen", sharing with her a "penny world". With Pipit Blishen fell in love. This reminiscence is intriguing but at the same time disconcerting because it is sandwiched between Chapter 6, which seems to be about a holiday in Spain, and Chapter 8, which *inter alia* describes an interview with Nirad Chau-



Blishen: indulgent

THE PENNY WORLD
by Edward Blishen
Siclair-Stevenson £14.95, 258 pages

dhuri. The basis of the book is a visit to India - in company with a motley collection of other travellers - to celebrate the forty years of the author's marriage to "Kate". The Indian part is dealt with in an engaging and amusing manner. *The Penny World* is entertaining and intelligent yet there is something wrong. We know that when a person is nearing 70 events float into the mind which have a delicious relevance for the flatterer; it has

even been known to happen a lot earlier. However, it is a fatal mistake to imagine that these reminiscences will be equally delicious to the reader. A certain order and selection becomes necessary if the book is not to disintegrate. Blishen ignores order and selection, throws up his hands, labels his memories "dreams" and shrugs the whole thing off as "inward hooliganism".

However, there is a more important caveat which applies not only to *The Penny World* but also to almost everything that Blishen writes. We have all had experiences in our lives which are important but which we would just as well forget. The serious writer meets such experiences head on and transforms them through fiction or autobiography. Blishen's technique is to turn everything into entertainment. Without being quite as frothy as, say, the late author of *The Moon's a Balloon* his light and amusing touch gives the reader delight but not satisfaction. It is a pity because his response to the human condition is sensitive and extremely interesting. Perhaps in his next book (for there must surely be another) he will dare to be a Daniel rather than an Edward and boldly go into the lion's den.

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WHEN SOTHEBY'S auctioned the collection of Greta Garbo last November, it fetched 2½ times what they expected. That was because it was Greta Garbo's collection: people like to buy art that has belonged to someone famous. Another celebrity sale takes place in New York next Friday, this time at Christie's. On the block will be Old Master paintings and silver from the presidential collection of Ferdinand and Imelda Marcos.

The vendors are the Philippine Presidential Commission on Good Government, which, according to the sale catalogue, is mandated to "recover the ill-gotten wealth accumulated by former President Marcos and his circle of relatives, friends, and close business associates."

All the world knows how Imelda Marcos loved to spend: even her own attorney claimed at her racketeering trial in New York last summer that she was "world class" when it came to shopping. This accounts for the fact that, although she only became serious about art collecting around 1976, she amassed a very large collection in a very short space of time. Only some of her collection has been recovered — a group of Impressionist works are still missing — and most of the paintings in next week's auction were found in the attic of the museum in Manila which Imelda founded in 1976. Others belonged to Adnan Khashoggi, who bought them from Mme Marcos, reportedly for cash, at a time when she needed cash. This was shortly after the collapse of the Philippine regime in 1986 and the paintings were subsequently located in France.

Imelda does not seem to have had an art adviser as such. Other than a group of about 75 paintings assembled for her by a Florentine dealer, Mario Bellini, she appears to have personally bought the rest, mainly from New York galleries. She was the sort of collector who would admit: "I don't know much but I know what I like." She liked big names and, when it came to prices, she did not mind if they were big, too. Because of this, word soon got round that the collection was not exactly first-rate, and indeed people would describe it in much the same way as they described her shoe collection: extensive. When Christie's announced that they were to auction the Old Masters, the art world did not exactly hold its breath; but then, to everyone's amazement, it was revealed that Marcos had, in fact, acquired some pretty choice paintings, and that her silver was out of this world.

Imelda liked the best, and when it came to silver, that meant she liked



The Apotheosis of Aeneas by Boucher: to general amazement Imelda had acquired some pretty choice Old Masters

Saleroom

No temperance or moderation here

Homan Potterton previews the Marcos auction in New York

the work of the most famous early Georgian English silversmith, Paul de Lamerie: there are several pieces by him in the sale. But for everyday use at the Palace, she seems to have favoured Regency silver by Paul Storr. Included in the auction are Paul Storr soup tureens, kettles, cruets, entrée dishes, cake baskets, salt cellars, toasted-cheese dishes, tea urns, meat dishes, tea services, and hot-water jugs. There are eight wine-coolers by Paul Storr and nine by other makers. The weather can be hot in Manila. A pair of Storr soup-tureens, covers, and stands is estimated at \$250,000 to \$300,000; but the most magnificent of all the Storr silver is the 107-piece silver dinner-service that once belonged to Lord Egremont at Petworth. It is estimated at \$600,000 to \$1m. There is also the Craven dinner-service (109 pieces), estimate \$130,000 to \$180,000, and the 2nd Earl of Stair's Ambassadorial Service (38 pieces), estimate \$51,000 to \$76,000; both of these are mid-18th Century London silver. Additionally, there are 24 dinner-plates by Paul de Lamerie to be sold in two lots of a dozen each (estimate

\$3,500 to \$5,000 a plate) and a set of four candlesticks by the same maker (estimate \$250,000 to \$350,000). The stars among the Marcos collection of paintings are by Raphael, Titian, Tintoretto, Veronese, El Greco, Hals, Zurbaran, Boucher and Guardi, and the pictures by all of these artists are well-known and accepted by scholars as authentic. There is a concentration of Italian primitives, and a further emphasis on decorative 18th century Venetian pictures.

Christie's have exercised unusual caution in cataloguing the collection: Among the 18th century works are two typical little pictures of Venetian life by Pietro Longhi, called "The Charlatan" and "The Fortune Teller" (estimate \$150,000 to \$250,000 each) and a splendid large Boucher (in a hideous frame) of "The Apotheosis of Aeneas" (estimate \$300,000 to \$400,000). This is a pair to a picture in the Louvre and both were commissioned from the artist in 1747 for the Dauphin's apartments at Versailles.

Two female allegorical figures by Antonio Guardi are particularly fine copies of paintings by Tintoretto (estimate \$100,000 to \$150,000 each). One represents "Fortitude," the other "Temperance" or "Moderation": two characteristics which had a special relevance for the former First Lady of the Philippines.

However, delving into the past may not be to all viewers' tastes. Happily, there are some up-to-date films which do not destroy what little is left of civilisation. We must recommend Pedro Almodóvar's *The May Day* (Enterprise), a spry Spanish comedy of love and bondage from the maker of *Women on the Verge of a Nervous Breakdown*; *Blaze of a Nervous Breakdown*; the merry, touching tale of Louisiana governor Earl Long (Paul Newman) and his love for a stripper (Lola Davidovich); *Internal Affairs* (CIC), a fine, growing police thriller with Richard Gere; and *Clean and Sober* (Warner), with a ravaged Michael Keaton in a detoxification clinic to clear away the effects of cocaine, alcohol and general over-indulgence. Did you say you were suffering a post-Christmas hangover?

Nigel Andrews

The challenge of patronage

Sir David Piper, the art historian and museum director who died this week, was a regular contributor to the *Financial Times* over the years. Here we reprint a substantial portion of one of his articles — whose subject is newly topical at a time when the National Gallery is about to open a major and probably funded extension.

Patronage is not always gas and gaiters for either the patron or the patronised (it is difficult for the passive not to carry overtones of subservience). As a museum director I sometimes wondered, in the midst of uttering humble (and sincere) gratitude, why it can be so impossible to convey to some patrons that it may be even more difficult to be a really true beneficiary. That when you give, and once you have expressed any particular wishes you may have about the application of your gift, you must indeed give, part with, and let go...

Without the benefaction of Sir George Beaumont the National Gallery might not have happened. The Beaumont gift comprised a relatively modest total of 16 paintings, but they included some that have held public admiration and affection...

Beaumont's relationship with Constable reveals Sir George as almost a model patron. Almost as much as does the latter's bond with Wordsworth, though that was sealed with a mutual love, intimacy and understanding altogether surpassing that with the painter. Indeed, Beaumont was not a patron for Constable in a very material sense, never subsidised him, never bought anything from him. But over the years he opened to him, as to other young painters, full access to his collections, so that it was with Beaumont that Constable first felt the quality of Wilson and especially Claude at their best, and indeed more up-to-date innovations of Girtin whose work influenced his own developing style.

Beaumont remained always rooted in the classical, arcadian and heroic vision as Claude and Gaspar Poussin. If he had difficulty in admitting the intrusion of the every day weather in Constable, the weather in Constable's Turner remained always anathema. Thus the work of the two greatest landscape painters in British art was unrepresented in his own collection...

To the nation, however, he was to prove a fearless patron, giving liberally in his own lifetime his most precious treasures — "doubly liberal" in so doing, not a contemporary. The Claude, the classical Nicholas Poussin, the landscape Constable thought that "the most precious picture he knew." There are Canalettos, Venetian masterpieces in sun and shade, the "Stonemason's Yard", so startlingly different from a "routine" Canaletto; one of the most majestic of all Rubens's great sweeping landscapes, *The Descent from the Cross*, one of the two Rembrandts — the "Jewish Merchant" — the Rembrandt, I think some years ago, in an early strike by the panel of Dutch experts sometimes called the "Rembrandt hit squad" — but it is not the Rembrandt, the small grisaille *Lamentation* over the dead Christ, seems to have survived the recent Rembrandt seminar in the National. And the Bourdon, that very variable master, here perhaps his masterpiece, a landscape like a fine Poussin, yet with an unique haunting tenderness and mystery...

The founding of the National Gallery was the crowning achievement of Beaumont, created not by appropriation of a royal collection (as in some other places) but by careful tactical seeding impelled by the most generous ideals, in the best British tradition. A larger, more important collection became available to the nation following his death, but for sale, Beaumont's proposition was "Buy Angerstein's pictures and I will give you mine." Even the British Government was moved — to vote cash for art, but it may be doubted if they would have done so for Beaumont's time of course, a National Gallery of some kind would have emerged somewhere, but that it would have provided a comparable base from which the great collection we now know could have grown so well is far from certain. Of that institution Beaumont, the Founder, setting a habit, too, of enlightened and unselfish patronage that still persists.

Video

Violence shoots itself in the foot

IT IS wonderful, is it not, how human nature works? No sooner has the season of peace and goodwill ended than our video shops go berserk with violence. Forget Santa Claus. The only stock-in-trade on offer in films like *Total Recall* (Guild), *The Punisher* (20:20 Vision) and *Die Hard 2* (CBS/Fox) are those masking the faces of psychopathic hoodlums. The only cries of "Ho, ho, ho" are those emanating from baddies performing goodies with lead.

These are, of course, last year's big-screen films, now huddling on the small. Their brand of hi-tech mayhem proved less than blockbusting at the summer box-office and was overtaken by gentler fare like *Ghost* and *Pretty Woman* (now video-released by Buena Vista). But years hence, they may be treasured as museum-pieces: relics of the age when we liked our superstars to destroy whole Jumbo Jets single-handed (Bruce Willis in *Die Hard 2*), to have the IQ of a millipede in the body of an Adonis (Dolph Lundgren in *The*

Punisher) or to look as if they had been poured into their torso-sculpting T-shirts and forgotten to say when (Schwarzenegger in *Total Recall*).

How nice if we were soon to be rid of these films. They are could all sit around the VCR warming our minds on more durable fare like that now offered by classics-conscious companies. Interestingly, out-fits like CIC and MGM/UA are pushing aside yesterday's dross to get at the day before yesterday's gold. From CIC this month: Woody Allen in *40 Cars and Counting* (1972) and Oscar-winning Gregory Peck in the charming Southern fable *To Kill a Mockingbird* (1963). From MGM/UA two even older

classics: *Little Women* (1933), bright with stars like Katharine Hepburn and Joan Bennett, and *The Secret Garden* (1949), from the Francis Hodgson Burnett novel with Margaret O'Brien in luminous form.

Meanwhile Castle Pictures, fearing that other companies are offering their viewers everything but the kitchen sink, offer the kitchen sink. New British Realism (well, it was new back in the 1960s) can now be re-sampled with *The Entertainer* and *A Taste of Honey*: witnesses to an age when everyone in British films, even Laurence Olivier, had to speak as if they had been reared in a terraced slum in Barnsley.

Bravest of all the new-year reissues is a Palace twin pack from the early American 1960s: *Shock Corridor* and *The Naked Kiss*. Samuel Fuller, B-movie maker extraordinary, directed these wild psycho-dramas about, respectively, an insane asylum and a law-fleeing prostitute. Fuller's films pack not so much a punch, more a lethal blow to the social plexus. One minute one is smiling indulgently at their melodramatic swaggers or naïvetés of misadventure. (In *Shock Corridor* who can forget the dream sequence in which a miniature heroine cavorts on the hero's collar-bone offering advice). The next minute one is flat on the canvas, felled by a true cinematic éclat and struggling against the count.

Radio

A question of politics

WISELY, NONE of the BBC network programmes put on a special New Year programme for the opening of 1991, but trusted their own characteristic offerings. It was characteristic that Radio 3 should have the annual Vienna Musikverein, but Radio 4 was less than entirely characteristic, for it had an unusual reliance on political themes. The most important of these was *The State in Question* on Thursday, the first of four programmes presented by John Lloyd. These explore the prospects of the market economy that now prevails even in nominally socialist countries, socialism having been discredited in the eastern European states.

Such phenomena as the National Freight Corporation, or Manchester's travel tokens, like London's Travelcards but acceptable even on taxis, are run by a limited company, are what comes of a financially individualistic society born of a "whole contained class."

Also on Thursday was *The Power of Patronage*, presented by Robin Oakley. The first of its five parts dealt appropriately with the honours system, displayed a couple of days before the New Year's list something of the public's feelings about the notionally power-free titles bestowed.

What this programme covered was the actual value, if any, of an honour, how it is earned, what are the actual processes of its award — well worth an ambitious ear. The honours are not the only matters to be dealt with, but such concerns as the appointment of

judges, bishops and so on. More imaginative politics came up in Christopher Andrews's *What if...?* on Wednesday, a series investigating alternative history. We were asked to imagine Hitler's quick conquest of the USSR. Among the alarming sequences of this envisaged by Alistair Parker and Norman Stone were a British government led by Lloyd George, with the Duke of Windsor back as Edward VIII; the RAF (bearing Jap markings) bombing Pearl Harbour; a nuclear attack by the US on Berlin — where from we were not told.

And as there are no politics without politicians, who more suitably on *The Ropes* on Thursday than Ron Brown, MP, whose occasional unorthodoxies have led to the de-selection that, as he assured his interviewer John Humphrys, he is vigorously contesting. But with him, we may leave politics for a while.

Radio 4 was generally seasonal in its drama for the last fortnight. There were *A Christmas Carol*, *Peter Pan*, *Todd of Road Hall*, *King Solomon's Mines*, all good holiday kit, and welcome revivals of Wynyard Browne's *The Holly and the Ivy* (Christmas) and the vicarage at *Midnight* (Christmas at the nativity play, 1499). I won't pretend I heard every minute.

For those not content with the players at the Queen's Theatre on the cinema, on the Sunday before Christmas Radio 3 gave a fine production under Pam Brighton of Tolstoy's *Three Sisters* in a version by Brian Friel that showed anew how alike were

the Russian middle-classes and the Irish, and indeed any other, middle classes, in comparable situations. Their contrasts in other situations were shown four days later in Richard Nelson's amusing *Admiral to Eastern Europe*, where Helena, a Czech film girl, tries to persuade an American film man that the sisters should go, not to Moscow, but to New York. On the year's last Sunday, Radio 3 gave *The Birds* by Aristophanes, in an adaptation by Martyn Wade that amused me, but less than I hoped. The adapter's funny voices, personifications, funny voices, jokes like "Finchley" for Sparta, would perhaps have worked better on the stage. John Theophrastus directed this.

On Wednesday, on the other hand, Colin McLaren's *Requiem for Aramis*, where Aramis (Jonathan Hyde) urges Dumas to write a new story in which that discredited Musketeer earns a requiem in Notre Dame, by not creditable means, amused me very much. Harold Innocent was Dumas, Judith Bumpus directed.

B.A. Young

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SATURDAY

BBC1

54C as Channel 4 except:
10:00 Owl TV. 11:10 The Three Stooges. 11:25
Travelog. 11:55 Jonathan Ross. 5:40 Teulu'r
Blas. 7:30 Good Good Comedy. 8:30 Y Mance

BBG2

54C as Channel 4 except:
10:00 Owl TV. 11:10 The Three Stooges. 11:25
Travelog. 11:55 Jonathan Ross. 5:40 Teulu'r
Blas. 7:30 Good Good Comedy. 8:30 Y Mance

13875

54C as Channel 4 except:
10:00 Owl TV. 11:10 The Three Stooges. 11:25
Travelog. 11:55 Jonathan Ross. 5:40 Teulu'r
Blas. 7:30 Good Good Comedy. 8:30 Y Mance

CHANNEL 4

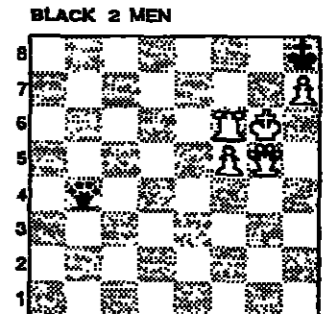
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Travelog. 11:55 Jonathan Ross. 5:40 Teulu'r
Blas. 7:30 Good Good Comedy. 8:30 Y Mance

REGIONS

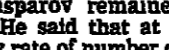
54C as Channel 4 except:
10:00 Owl TV. 11:10 The Three Stooges. 11:25
Travelog. 11:55 Jonathan Ross. 5:40 Teulu'r
Blas. 7:30 Good Good Comedy. 8:30 Y Mance

CH E S S

PROBLEM No 854



Kasparov remained sceptical. He said that at even this dizzy rate of number crunching DT would never beat him. "I can always create something new," he said, arguing that at the highest levels chess computers lack flair. But when a computer returned probing for the champion's philosophy, asked "Do you consider chess a spiritual experience?" Kasparov said at him blankly and laughed. "I don't think I can



WHITE 5 MEN

White mates in three moves, against any defence (G Zahod, yakin, 1961).

Solution Page XIV

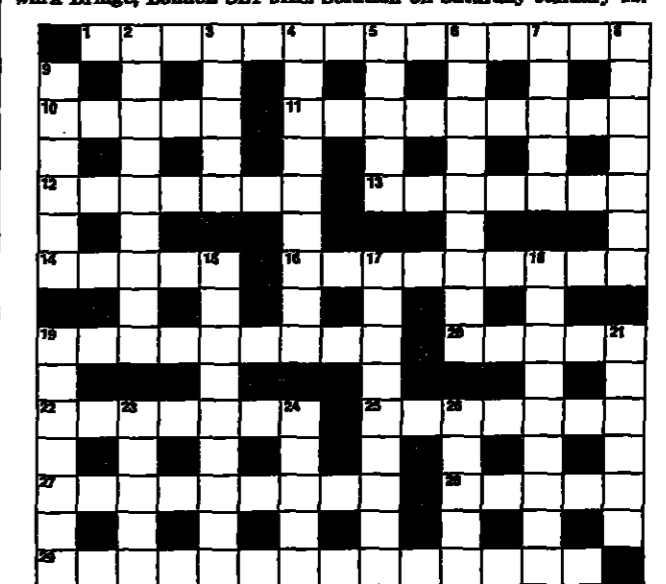
Leonard Barden

BRIDGE

From teams-of-four. Dealer, E, Love All:		From rubber bridge. Dealer, S, Game All:	
	<p>N</p> <p>♠ A 9 6 2</p> <p>♥ K 9 5 3</p> <p>♦ J</p> <p>♣ J 10 6 4</p>		<p>N</p> <p>♠ Q 7 3</p> <p>♥ 6 5 4</p> <p>♦ A 8 7</p> <p>♣ A 10 7 2</p>
W	E	W	E
<p>♠ 10 8 6 4</p> <p>♥ Q 10 7 5</p> <p>♦ Q 9 8 2</p> <p>♣ 2</p>	<p>♠ Q J 8 7</p> <p>♥ Q 7 2</p> <p>♦ A K 10 8 4</p> <p>♣ 2</p>	<p>♠ 10 8 4 3</p> <p>♥ A 9 9 7</p> <p>♦ 7 5 4</p> <p>♣ 5</p>	<p>♠ K 9 6 2</p> <p>♥ Q 10 8 7</p> <p>♦ J 9 8 4</p> <p>♣ 9 8 4</p>

CROSSWORD

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Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday January 16, marked Crossword 7,434 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HT. Solution on Saturday January 19.



Name _____
Address _____

ACROSS

- 1 Expulsion carried out lightly? (5)
- 10 Pole in field shows scene of conflict (5)
- 11 Members grab Allow for using fire burners (9)
- 12 Prepared to have FBI agents in section (7)
- 13 Uproar, as our Tim's turned 50 (7)
- 14 Celebrated books hidden in back study (5)
- 15 Rejected a clumsy painter born an Indian princess (8)
- 19 Belonging to forefathers from Lancaster, perhaps (5)
- 20 Boy in charge of sound (5)
- 22 Everyone into stamps and toys (7)
- 25 Faculty head student, taking Bill in (7)
- 27 Tax collectors delete "employ-ees" (9)
- 28 She takes soldiers in around the end of June (5)
- 29 At the same time I must sell you an improved version (14)

DOWN

- 2 It's up in N. Greece dancing's (5)
- 3 Avoid giving notice in the night before (5)
- 4 Use of lean trees produce a rubbery substance (8)
- 5 Drunk races round topless (eight) (5)
- 6 Seem to be after resin which is used as fixative (5)
- 7 Where one owned up to nothing (5)
- 8 French girl can lift aeroplane part (7)
- 9 Top primeval living priest (8)
- 12 Lad is rolling girl in sack (5)
- 17 Therefore man parking inserted coins (8)
- 18 Man against equality admitted being unique (8)
- 19 Speak to groom after a time (7)
- 21 Lad is find many a machine operator (5)
- 22 See copper with married doctor (5)
- 24 Dance with Jack - mother's turned up (5)
- 26 One last word before you go ... (5)

The solution to yesterday's puzzle will be published on _____

lively (6) Monday

Solution and winners of Christmas Crossword

E	U	R	O	P	E	A	N	E	M	O	N	E	T	A	R	Y	U	N	I	O	N	I	O	N	E
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RADIO

SATURDAY

SUNDAY

[illegible]

XVI WEEKEND FT

Private View

A green spirit from the university of life

Satish Kumar, director of Schumacher College, tells Christian Tyler about its ecological and spiritual values



'Prosperity does not equate with lots of goods of shoddy quality'

you will say the end justifies the means. Satish claims that after a false start in the 60s (the hippies were interested mainly themselves, he says) we are entering a new intellectual age, as important as the Enlightenment but anti-rationalist, anti-materialist and anti-specialist. New ages, he said, required new kinds of universities.

Or perhaps, I suggested, Dartington was just jumping on a bandwagon, and the ecology movement would degenerate into just another consumerist fashion? "There is a certain truth in that and we should be aware of it. Nevertheless, the other side is the genuine concern expressed by ordinary people."

"Your questioning is absolutely right. Schumacher ecology is not saying that we go back. We are saying that we go forward into a more balanced, thoughtful and less wasteful society. Prosperity does not equate with lots of goods of shoddy quality. People are poor in time, producing and producing all the time. So there is a crisis of emotions, a crisis of happiness, a crisis of living."

FOR A senior post in the University of Life, academic distinctions might even be considered a disqualification. At any rate, Satish Kumar, director of Schumacher College, which opens its doors on January 13 has none.

For the sort of college he is to run, however, the curriculum vitae looks just fine. At nine he became a bald-headed, mendicant monk of the ascetic Jain religion. He wandered barefoot through the villages of Rajasthan in north-west India with a painted wooden begging bowl, "taking a little food from each house, like a honeybee" learning 10,000 verses of Sanskrit scripture.

At 18 he left his peripatetic monastery to work with the poor observing Gandhian precepts for the non-violent transformation of society - the Buddhist equivalent of liberation theology. For example, he helped "collect" 4m acres of land from the rich to give to the poor. Then he read of Bertrand Russell's arrest on an anti-nuclear demonstration in Trafalgar Square.

"I said to myself: 'Russell is acting like Gandhi. At the age of 90 he'd rather go to jail than accept nuclear weapons. Here is an old man with the courage of his convictions. I am a young man. What am I doing?'" So he set out, with his friend Prabhakar Menon, on a world peace walk: from Mahatma Gandhi's grave in Delhi by way of Moscow, London and New York to Washington and the grave of John F. Kennedy, 3,000 miles.

On the Pakistan a man welcomed them with marigolds. "He was in tears and I was as well. I said to Menon: 'From this day I am not an Indian. Because if I am an Indian, he is a Pakistani. Today I am not a Hindu because you would be a Muslim. I am not a capitalist because you will be a socialist, not black because you are white. Today we are just human beings.'"

This is the kind of idealistic, whole-earth message that the college, which describes itself as "an international centre for studies informed by ecological and spiritual values", will convey to its (largely adult and middle-class) students.

The college is sponsored by the Dartington Hall Trust in Devon, south-west England, on the estate where in 1925 Leonard and Dorothy Elmhirst created an educational and artistic centre (and a progressive school that collapsed in scandal) based on the teachings of Gandhi's own mentor, Rabindranath Tagore.

I sought out Satish (the only name he uses) to enlighten me on the metaphysics of the movement whose adherents have claimed the 90s as their decade. After he had collected me from the station in his 1957 Morris Minor and shown me round, I asked him what he had learned on his world walk.

"I learned more or less what the astronauts learned by going into space. They looked at the earth and they did not see any divisions. They saw one earth, blue, brown, purple, like a painting. All the divisions are skin deep, all that diversity has a tremendous unity underneath it. I was in tears many times."

"It gave me a sense of proportion: I could walk it in two years, so it's not that big a place. And you can survive without money so it's not that hateful a place."

When Satish finally met Bertrand Russell for tea in west Wales, they disagreed. Russell said the world might be coming to a hideous end - that was the fear that was driving him - and there was no time to be wasted walking round it. "I told him action must be the right action and fear is not the right motivation. Whether the world survives or not is not in our hands. Even in ecological matters it is not the right motivation because when driven by fear

the other way round, like machines. But at the moment market forces seem to control human values and human beings. If our relationship with ecology is wrong, then the market will collapse. You cannot put a value on rivers and oceans or the Himalayas."

"We require a deep shift of attitudes. What is the aim of society - is it to be rich, to acquire goods, or is it to serve and be happy and have relationships with friends and neighbours and so on?"

That sounds like good, old-fashioned Christianity.

"...and good old-fashioned Buddhism and good old-fashioned Hinduism."

So you are still a monk at heart? "But a more worldly monk."

Do you mean a guru? "No, I mean a guru of spirituality, because religion gives you the idea of system, whereas spirituality is more about values. But, yes, I am talking about a green religion, an ecological religion."

Are you trying to create apostles for this religion? "Yes, we are trying to create them. They will come from all over the world. We need to take inspiration from many old religious traditions: Islam, Buddhism, Christianity, American Indian, Bushman, Aboriginal culture."

Will it involve worship? "Some kind of subtle worship, like meditation, sitting by the river and watching the water flow, sitting under the tree and watching the leaves fall."

You sound like the Maharishi in his ashram... this is guru stuff. "No, it isn't. Because I am against any organisation. I am against any cult, any figurehead."

I asked whether Satish thought traditional religions had failed to supply the spiritual purpose he talked of.

"Yes, utterly failed."

"Because they have asked people to adhere to their institutions and routine - coming to the church every Sunday and then for six days how you live has very little to do with it. Religion is not as a recipe book but something which stems from your own understanding and questioning."

Are you looking for a substitute for socialism? "No, nor for any other 'ism', because the moment you put your thinking into an 'ism' it creates its own problems."

I asked Satish to imagine I was a businessman reader of the FT. How would you persuade me that what you are talking about is not just a lot of mystical jargon which makes you feel good and makes your acolytes feel good, but which has got really nothing to do with me or the real world?

He was unabashed. "I would start by saying don't pay too much attention to what I am saying, only use me as a reference point who is helping you to question: are you in your own life and society around you fulfilling your potential? Is your relationship with your fellow human beings right? Is your relationship with your own self right?"

But, I replied, making one last throw, suppose I enjoy making money and I am good at it. The by-product of my labour is to create prosperity for other people, but I am not that interested in them. I want to make lots of money, buy a yacht, send my children to Eton, retire at 50 and have floodies to adorn my pied-a-terre in the Barbican.

"And what I am asking you is if you would like to give a few hours to see whether that is a sufficient reason for human existence... that's all. If you ask that question seriously, genuinely and sincerely and your answer is 'Yes', I have nothing further to say."

No shares, no pack drill

Michael Thompson-Noel

I DON'T KNOW why, but the ministry of defence is trying to conscript me into the army so as to pack me off to join the British forces being marshalled in the Gulf to fight for cheaper petrol.

I am heartily in favour of cheaper petrol, but hope to convince the army that I am not the sort of chap it should be attempting to enrol.

The first I heard about it was on New Year's Eve. I had put the cat out and got the dog in - it may have been the other way round, for they are meddlesome, contrary creatures - and was wondering whether I had the fortitude to watch Dame Edna's swansong appearance in *Die Fledermaus* at Covent Garden, when the telephone rang.

It was the army.

"I am afraid I don't know the password for tonight," I said, rather cheekily. "In any case, you must have dialed the wrong number."

"On the contrary," said the major at the other end. "This is Operation Wide Net. You may have read that some of our reservists are proving rather bold and don't want to join our lads in the Gulf. Well, this is Wide Net - a plan to persuade, recruit or coerce some of you chaps in civvy street to sign on for the duration."

"But why ring me?" "Because you applied for shares in the recent electricity privatisation."

"But I didn't get any," I said, starting to feel cross. "They sent my cheque back."

"All the more reason," said the major grimly.

"Do you mean," I asked, "that you are ringing on behalf of Lieutenant-General Sir Peter Edgar de la Cour de la Billiere, the swashbuckling commander of the British forces in the Gulf?"

"Not directly," said the major. "But the general approves of Operation Wide Net. Now it is my turn to ask some questions. You are a journalist, I believe? Are you a specialist?"

"Certainly not."

"But you string words together?" "I do when I am feeling well. I'm a bit of a columnist."

"You are reasonably hale and hearty?"

"I play a robust game of tennis, though my job is fairly suspect."

"You're an atheist, I imagine?" "Of course I am an atheist."

"And you drive a motor car?" "Yes, I drive a motor car."

"Which consumes its share of petrol?"

"The price of which is worrying."

"The price of which is worrying," I agreed, "but that still doesn't mark me as the sort of chap that Lt-Gen Sir Peter Edgar de la Cour de la Billiere would want to disappear across the sand dunes with."

"It says here," I reached for a newspaper, "that when the general was quelling a rebellion in the Radfan hinterland of Aden, he wrote to his superiors that the tough conditions had sorted out the

weak from the strong. Here, he wrote, 'a man has to be master of self-discipline and of his job, or he will start to waver.'"

"Well," I said, "I definitely tend towards the weaker end of the spectrum. I am not at all self-disciplined - have virtually no back-bone. Character is what I lack. I am monumentally introverted. Quite astonishingly shy. At the office, my work station has been surrounded - at the architect's insistence - by large potted plants, so that no-one can see me. I am a *Pisces*, for heaven's sake."

"I have never fired a rifle nor struck a human being. It is true I have no voice occasionally, but that is only to disguise the terror insecurities with which I am beset. I am a melancholy sort of fellow. I love sunsets and sea monsters. The only people I can talk to with even the smallest trace of confidence are under six or over 80."

There was silence on the line, so I swept.

"It says here - again I reached for the newspaper - 'that in Radfan, Lt-Gen Sir Peter Edgar de la Cour de la Billiere was lean and tough-looking. He had a black moustache, wore a paratrooper's smock and floppy hat, and carried a sniper's rifle.'"

"If I grew a moustache and wore a smock and floppy hat," I said, "Saddam Hussein would sweep the allies into the sea. It would be all over by Easter. If you want to vanquish a monster of Baghdad, you would be well advised to leave me alone. I am not officer material, nor even cannon-fodder, there'd be nothing to aim at; I'd just blow away. I am a coward, do you see?"

"I agree you don't sound very promising," said the major frostily. "But you know what was are? You understand the theory? You don't disapprove?"

"I agree," I said. "I agree with Bertrand Russell, who was in favour of world government. 'We all recognise the need to restrain murderers,' wrote Russell, 'it is even more important to restrain murderous states... What the world most needs is effective laws to control international relations.' What was needed, said Russell, was a single armed force in control of the world. If this hope was not realised, we faced utter disaster. I agree with that," I said.

"But you say you are a coward?" "95 per cent of us are cowards. Always have been, always will be. The fate of nations has always been decided by the half-per-cent that are stupid enough to like sticking bayonets into one another."

"That was a pause, and then the major said: 'I hope you put more into your columns that you have put into this conversation - more, at any rate, than Feynman and Bertrand Russell. You will hear from me again. Operation Wide Net cannot be gamed.'"

I slammed the phone down. I was really rather cross. I got the cat in a single arm, the dog, and watched Dame Edna thrilling her decadent admirers at Covent Garden.

Then I threw them all out.

HAWKS & HANDSAWS

SPORT/SOCCER

In a league of their own

Peter Berlin wonders what the big clubs of Europe are playing at

SOCCER'S MASTERS are worried that the game is not exciting enough. One solution to this problem might be to open their committee rooms and board meetings to spectators. Some say that is where the action is. "The time-honoured tradition that have marked the way Europe's great soccer clubs have been run - mindless conservatism and pompous megalomania - have been swept away on a tide of money. As a result, the motley crew of minor entrepreneurs which controlled the clubs is being squeezed out by captains of multinational commerce. Fans all over western Europe are being entertained by boardroom battles, takeover bids, tax-evasion cases, bribery and match-rigging scandals, grandiose expansion plans and multi-million pound transfers. The game has never been wealthier, yet large clubs totter on the verge of bankruptcy."

Strangely, the heaven that has set soccer's growing dough mountain bubbling is the prospect of a single European market at the end of 1992. This has given birth to the idea that somewhere in the stream of directives from the European Commission - among the tomato classifications and kettle specifications - is one that calls for a European soccer super-league. As a result, top clubs and their owners are starting to jockey for positions in such a league.

In England, Tottenham Hotspur has accumulated debts estimated at £11m through building projects and ill-advised diversification in a desperate attempt to replace Arsenal as London's top club. Bordeaux, locked in bitter rivalry with Olympique Marseilles, owes £24m. Bordeaux's chairman, Claude Beze, has resigned and faces police charges relating to building contracts. The club is one of 12 involved with French soccer's Monsieur Publicité, Jean-Claude Darmon, who is at the centre of a scandal over illegal payments to players. Separately, Marseilles is being investigated over tax matters. A long, public slanging-match between Beze and Bernard Tapie, the Marseilles owner, has helped expose allegations of referees bribed by prostitutes and money, of telephone taps

and attempted match-fixing. Jesus Gil, president of Atletico Madrid, the third biggest club in Spain but only No 2 in Madrid, threatened to pull his club out of the league in protest at "systematic persecution." In Italy, Juventus, bankrolled by Fiat, spent more than £17m on players in one month to buy supremacy in the Italian league and Europe. Ajax of Amsterdam wants to build a 50,000-seater stadium for £73m and hopes the state will pay nearly 75 per cent of the cost.

There is no reason why 1992 should make the creation of a European super-league necessary or easy, especially as it would have to include teams from non-EC countries for the sake of credibility (Sweden and the Soviet Union, for example).

However, for the vast majority of soccer people, who have not got a clue what a single market means, the magical date 1992 has concentrated their attention on existing trends within the sport. During the last decade, soccer has unearthed rich new seams of cash: sponsorship, advertising, television and executive boxes. This money has been attracted disproportionately to the big clubs and has led to a redistribution of wealth within the game.

Tottenham this season signed a four-year £4m deal with Umbro just to wear Umbro kit. The pattern has been repeated all over Europe. The French Football Federation appointed Darmon as its promotions director in 1982; in the next six years revenue from television and sponsorship rose from less than £4m to nearly £20m. But the key is television. In 1989 the English Football League signed a TV deal worth a minimum of £44m over four years. After 10 top teams, egged on by the TV companies, threatened to break away, it also agreed to increase the share of the money going to first division teams from 50 per cent to 75 per cent.

Television wants the best soccer available. It wants games that involve top clubs. As stations proliferate, so the bidding grows more intense. This season, Aston Villa received £300,000 for its home match against AC Milan in the UEFA cup second round. Villa lost and went out after two pay-days. How much nicer it could

play glamorous European clubs every week. The cash would gush in. There would be no more trips to Wimbledon to scrap it out in front of 5,000 fans on cold, wet nights - just the big-time, all the time. The model for many European soccer clubs is the National Football League in the US, seen as the acme of commercial sporting success. European soccer has been cribbing marketing ideas from the Americans for years.

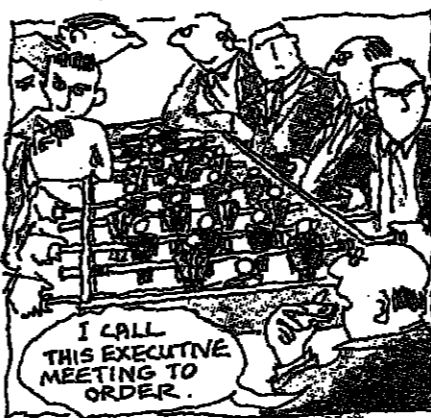
The biggest difference between the NFL (and all North American sporting leagues) and European soccer is that NFL members are franchisees. Access to the league is not by promotion but by purchase. Only the largest cities support more than one franchise, so clubs are free to mop up local broadcasting cash and sponsorship.

The appeal to Europe's top soccer clubs is obvious, and they will watch with interest the launch this spring of the NFL's television-financed World League, which has franchises in London, Barcelona and Frankfurt, and plans by European basketball to launch a super-league by 1992.

The size of a European soccer league would be limited by fears of diluting income and quality. The largest north American league (the NFL) has 28 teams. If the organisers were feeling extremely ambitious, Europe, which supports more than 30 national soccer leagues, could start with 40 franchises.

For England this would translate into four or five Euro-teams - one for each major ITV region and perhaps two in London: one for London Weekend Television, one to play on Mondays for Thames Television, or whatever the companies are called after this year's auction of ITV franchises. The financial pressure on ITV companies after the auction combined with competition from satellite sports channels and the BBC, would foster healthy bidding for local TV rights. The growing rivalry between the European Broadcasting Union and satellite channels would stimulate bidding for an overall contract.

Such a system would mean that Manchester United would be the only team from the north west of England - no place for Everton or Liverpool. (Liverpool,



for all their triumphs, suffer economically and geographically.) United has a larger stadium, draws larger crowds and has a bigger catchment area. North London would be represented by Arsenal or Tottenham, not both. The same principle would apply in Milan and Madrid. This would alienate fans of all those clubs that were excluded - abandoned to stagnate in a national league. But the fact that Liverpool's fans were upset would only increase the pleasure of United's fans as they paid higher prices to see their team; the huge armchair audience would tune in anyway.

There have been mutterings from UEFA about changing its top club competitions into a league format, which is how European basketball's equivalent competitions already work. Undoubtedly national soccer federations would oppose a super-league, and UEFA and FIFA, the governing bodies for European and world soccer, would be back them, but their only sanctions would be to ban super-league teams from their club cups and to ban super-league players from their international competitions.

On the other hand, if you had the 40 top teams and the 800 top players who care? You could create your own competitions, even your own world cup.

This is an extreme scenario, of course, but all the top clubs are planning for it. Many soccer directors are conservative, even sentimental about soccer, but they know that if the Euro-super-league bandwagon does start to roll, they need to be on it rather than under it.

The money box

Philip Coggan joins the executives

IT WAS a wet, windy and miserable day who said "Hello, I'm Bobby Moore. Can I get you a drink?" The boxes also have televisions which offer slow motion replays.

Admittedly, the Watford box was not as deluxe as those which are available. It is possible to watch the action without straying outdoors at all. During the Watford game we had to leave the comfort of the box for seats directly outside in the stand.

It was hard not to feel guilty as a sudden, sharp shower drenched supporters at the uncovered Watford end. But my guilt was tempered by the knowledge that I have stood on the concrete with the worst of 'em - being urinated on from above (Queen's Park Rangers), crushed against a metal barrier (Tottenham), drenched to the skin (Wimbledon) and deafened by the shouts of the loudmouth directly behind me (just about everywhere).

Even a seat in the stand is no guarantee of comfort or a good view. At the England-Poland game in October, £15 bought me a Wembley seat in which Colin Moynihan, the diminutive former sports minister, would have felt cramped. The only way I could fit into the space provided was to sit at a 45° angle to the pitch. At last May's Cup Final, watching the game became an extended Jane Fonda workout as the spectators in front of me clambered on and off their seats and I (and those behind me) was forced to follow suit.

So it is hard to see any real alternative to the executive box if soccer wants to tap the lucrative corporate entertainment market. You could hardly invite a business contact to stand on the terraces.

In the right circumstances, a soccer match can be quite an intelligent way of entertaining contacts. Most men (and some women) enjoy watching soccer. Conversation about the game breaks down social barriers. With lunch beforehand (or dinner if it is an evening game), the event can be turned into an occasion.

What is more, with the right contacts you can impress the hell out of those of your guests who are still schoolboys at heart. I have bored my friends to tears recounting how, when entering a box at

Wembley, I was greeted by a familiar figure who said "Hello, I'm Bobby Moore. Can I get you a drink?" The boxes also have televisions which offer slow motion replays.

A five-seater box at Manchester United cost £5,000 a season. The food is extra. The charge for an eight-seater box, food included, starts from around £15,000. In the less glamorous surroundings of Luton, boxes for five cost around £2,000, eight-seaters £10,000-£12,000.

The problem for the sport's authorities is balancing the financial realities - fans for all-seater stadiums come into force when it lets its five-seater boxes alone - with the requirements of the ordinary fan. The fear is that soccer could go the way of Wimbledon fortnight, where the average fan tends to be squeezed out.

The golden scenario, as the saying goes, is that a trickle-down will occur with revenue from corporate hospitality being used to improve standards for the average fan. Certainly the gap between executive class and humble spectator will be closed a little if Lord Justice Taylor's recommendations for all-seater stadiums come into force later in the 90s. Any change cannot come too soon.

There was resentment at Tottenham Hotspur when it was proposed to replace part of the old Shell terracing with executive boxes. The change heightened supporters' fears that the club's management was more interested in business than in soccer - ironically, the cost of building the boxes has helped make a mess of club finances.

In the past, the average fan could concentrate his fire on the occupants of the directors' box, easily identifiable because of its halfway-line position. But the poor directors were actually enjoying little in the way of creature comforts; indeed, their prominent position in the ground served merely to identify them for abuse. The proliferation of executive boxes could easily provoke the belief that the directors are aiming purely to please their "fat cat" friends, and lead to an increase in alienation and violence. The trickle-down needs to work.